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C-66 WORLD COTTON PROSPECTS 1/ January 31, 1931

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SUMMARY

Cotton prices were generally stable during the past month, the fluctuations being within rather narrow limits. Prices of imported growths of cotton in Liverpool from December 19 to January 16 made advances ranging from 0.12 cents (for Indian cotton) to 0.71 cents (for Egyptian Sakellaridis). American middling advanced 0.18 cents per pound. Futures contracts for American cotton at New York, New Orleans, and Liverpool made net gains of from 0.08 to 0.64 cents per pound December 15 to January 14, with the American markets showing considerably more strength than the Liverpool market. The greatest gains in the New York and New Orleans markets were made in January contracts.

The world visible supply of all cotton on January 16, 1931 was about 1.8 million bales above the corresponding date last year. The visible supply of American cotton was 1.9 million bales above last year while other cotton was about 100,000 bales below last year. Exports of domestic cotton for the first five months this season were about 216,000 bales below last season while exports of cotton from India so far this season are about 255,000 bales above last season. Exports from Egypt are running below last season. American cotton moving into sight during December amounted to only 1.6 million bales and was the lowest for the month of December since 1922. Receipts at ports in the United States, domestic mill takings and overland movement during December were all below December, 1929. Stocks at ports and interior towns at the end of December, however, were 1.9 million bales above a year earlier.

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1/ With special summary of The Egyptian Government's cotton policy.

Domestic consumption of raw cotton during December was only 9,000 bales below November, whereas the average decrease during the past three years from November to December amounted to 85,000 bales. The rate of consumption so far this season, however, has been very much below recent years.

Production of standard cotton cloth was about the same as in November after adjusting for seasonal. Sales and shipments of cotton cloth, however, were below November whereas on the average, sales during December are above November. The decrease in stocks of goods on hand during 1930 amounted to about 97.1 million yards or 21 per cent but unfilled orders at the end of December were about 33 per cent lower than a year earlier. In Great Britain textile activity was about the same during December, but the lock-out of 180,000 weavers about the middle of January has altered the situation. The activity in the cotton industry in continental Europe has shown no material change during the past month, but some improvement is quite generally expected during the remainder of the current cotton season.

Production of both yarn and cloth in Japan increased during December compared with November. This was the sixth consecutive month in which yarn production has increased and the production in December was 19.2 per cent above last July. Spinning operations in China continue active and in the Japanese section the mills continue to be sold out well forward. The new piece goods tariff is expected to stimulate the weaving industry which in turn will improve the situation for higher count yarns. This is at least partly offset by lower silver prices which are favorable to the use of Chinese cottons rather than American.

Prices

Spots

Prices of spot cotton have been rather steady during the past month a general tendency to advance. From December 19 to January 16, the price of American cotton advanced 0.41 cents per pound in the ten markets and in Liverpool advanced 0.18 cents during this period. Of the other important growths some advanced more and some less than American during this period in the Liverpool market, with advances as follows: Egyptian Sakellaridis 0.71 cents, Egyptian Uppers 0.51 cents, Indian Sind and Oomra No. 1 0.12 cents, and Brazilian and Peruvian 0.18 cents per pound. On December 15 the price of American middling seven-eighths inch at the ten markets averaged 8.58 cents, the lowest it has been this season and on that date the average United States farm price was 8.7 cents per pound. Since the middle of January spot prices have continued to improve.

Futures

Futures contracts for American cotton in the New York, New Orleans and Liverpool markets made net gains in the active months ranging from 0.08 cents to 0.64 cents per pound from December 15 to January 14. The two American markets were somewhat stronger than Liverpool, the range of advance for each market being as follows: New York, 0.43 to 0.64 cents; New Orleans, 0.49 to 0.58 cents; and Liverpool 0.08 to 0.34 cents per pound.

Stocks and Movement

World visible supply

The visible supply of all cotton on January 16, 1931 amounted to about 9,954,000 running bales compared with 8,117,000 bales a year earlier, according to the Commercial and Financial Chronicle. The visible supply of American at this time totaled 7,714,000 bales against 5,777,000 bales last year. Stocks of American cotton in European ports and afloat for Europe amounted to 1,888,000 bales compared with 1,803,000 bales on the corresponding date a year ago or an increase of only 85,000 bales compared with an increase in stocks at ports and counted interior towns in the United States of 1,833,000 bales. The decrease in the visible supply of foreign cotton was due largely to a decrease in stocks at Liverpool and Bombay, although this was partly offset by the 252,000 bale increase in stocks of Egyptian cotton in Alexandria.

Exports of American cotton

Exports of domestic cotton during December amounted to about 766 thousand running bales, compared with 910 thousand bales during December, 1929. Total exports for five months ending December 31, 1930 amounted to 3,947,000 bales or 216,000 bales below the corresponding period last season. France is the only important consumer of American cotton to which exports this season have been above last season. For the first five months this season, exports to France totaled 641,000 bales, compared with 536,000 last season, or an increase of about 105,000 bales. Exports to both Italy and Japan for the season are over 100,000 bales below last season.

Exports of foreign cotton

Exports of Indian cotton from August 1 to January 15 this season amounted to 1,452,000 bales, or an increase of 255,000 bales and 209,000 bales, respectively, above the corresponding periods the past season and the season before, according to the Commercial and Financial Chronicle. Exports to Great Britain were considerably above those in either of the two previous seasons as were exports to Japan and China. Exports of Indian cotton to the Continent, however, were below the two past seasons.

From August 1 to January 14 exports from Alexandria, Egypt, amounted to 419,000 bales, compared with 484,000 bales and 533,000 during 1929-30 and 1928-29 seasons respectively. The Continent and India have taken more this season than during the two previous seasons, whereas exports to Great Britain and America were considerably below last season and the season before.

Into sight, port receipts, mill takings, etc.

American cotton moving into sight during December amounted to about 1.6 million bales compared with 2.1 million bales during December, 1929 and 2.3 million bales December 1928 and was the lowest for the month of December since 1922, according to reports of the New Orleans cotton exchange. This was probably due to the fact that producers are holding cotton for higher prices. Receipts at ports in the United States during the month of September totaled about 967,000 bales compared with 1,157,000 in December, 1929. Overland movement, which amounted to about 122,000 bales during December, was 33,000 bales less than in December, 1929. Mill takings were likewise below December, 1929, amounting to about 811,000 bales compared with 1,015,000 bales. Stocks at ports and interior towns at the end of December were 6.6 million bales or 1.9 million bales above a year earlier.

Stocks in consuming establishments, etc.

Cotton on hand December 31, 1930 in domestic consuming establishments amounted to 1.7 million bales compared with 1.8 million at that date in 1929. Although imports of Egyptian cotton so far this season are about 75,000 bales below last season, stocks of Egyptian cotton in consuming establishments at the end of December amounted to 70,000 bales or only about 2,000 bales below a year earlier. Stocks of other foreign cotton were about the same as at the close of 1929.

Textile Situation

United States

The consumption of raw cotton during December, which amounted to 406,000 bales was 9,000 bales below November. This compares with an average decrease during December, compared with November, of 85,000 bales during the past three years and an average of about 33,000 bales during the past 10 years. The low rate of consumption during the first five months of this season has resulted in total consumption of 2,012,000 bales against 2,738,000 bales during the first five months last season. This is equal to an average monthly rate of consumption of about 402,000 bales so far this

season compared with 548,000 bales during this period last season and an average rate of about 481,000 bales during the last seven months of the past season. The weekly average production of standard cotton cloth during December which amounted to 46.8 million yards was 4.9 million yards below the average during November and compares with a decrease during December, as compared with November last year, of 8.1 million yards and a decrease during the past three years of 4.2 million yards, according to the Association of Cotton Textile Merchants, New York. From this it would seem that the activity in this phase of the industry was about equal to or slightly below November when adjusted for seasonal. The weekly average sales of cotton cloth during December on the other hand decreased 9.3 million yards compared with November whereas during the three previous years there has been an average increase in December over November of 13.0 million yards. Shipments likewise decreased slightly more than the average of the three years 1927 to 1929. Total production of cotton cloth for the calendar year 1930 amounted to about 2,818.6 million yards. This was 738.7 million yards or 21 per cent below production during 1929 and 1,744.4 million yards or 38 per cent below 1928. Although shipments were below last year they were above production for the first year since 1926. This resulted in a decrease in stocks on hand of about 97.1 million yards or 21 per cent from the end of December, 1929 to the end of December, 1930. Unfilled orders at the end of December on the other hand were 142.1 million yards or 33 per cent lower than a year earlier.

Great Britain

The cotton textile situation in Great Britain at the end of December was about the same as a month earlier, but a lock-out among the weavers on January 17 makes the outlook somewhat uncertain.

The exports of cotton piece goods during December amounted to 130.2 million square yards compared with 130.3 million during November. During the past ten years exports of piece goods for December have averaged about 26 million square yards below November, and in only three of the ten years were exports in December above November. Therefore when adjusted for seasonal, there was some pickup in December in exports of cotton piece goods. Exports during January may be expected to show some seasonal improvement at least, for during the past ten years January has been above December every year except three and has averaged about 30 million square yards above December. Exports of cotton yarn during December were 11.6 million pounds or 0.6 million pounds above November. The seasonal relationship between November, December, and January are about the same as in the case of piece goods, December averaging below November and January slightly above December.

The lock-out of some 25,000 weavers in Burnley which took place January 12 has been extended and it is estimated that 180,000 operatives are now locked out. The weavers' union has refused to give the leaders authority to negotiate a settlement, according to a cable from Agricultural Attache Foley at London. He also states that 20,000 more notices will be effective within the next few days. In view of this trouble it seems probable that the Government will intervene. Although the strike has potentialities of becoming very important with respect to the textile trade of Great Britain, the availability of looms in other countries for turning out cloth for world trade minimizes the influence of the strike on the world cotton situation.

Continental Europe 1/

In many respects, the prospects for 1931 on the Continent are similar to those prevailing a year ago, when, after a year and a half of steadily declining activity in the cotton textile industry, accompanied by a steady fall in raw cotton prices, conditions appeared to have reached a point where some revival in demand could be looked for. Cotton prices proved not to have reached bottom, however, and continued rapidly downward as the general business depression developed, with the result that Continental Europe took nearly 15 per cent less cotton in the year ended July 31, 1930, than in the previous year, and at prices averaging about 15 per cent lower.

The situation this year differs from that of a year ago in one very important respect, the price level appears to be touching rock-bottom when looked at from almost any view point. For the other factors, the level of spinning mill activity is slightly below that of a year ago, goods stocks in distributing channels are fully as low or lower than last year when stocks were reported as reduced, raw material stocks on the Continent are slightly higher, and the general order situation is not much different on the whole. The purchasing power of consumers in Europe has undoubtedly decreased materially since a year ago, but textile prices have dropped and seem likely to drop enough more to offset largely any further reduction in consumer wages income. The tendency of general business conditions is still downward, as it was a year ago, but optimism about a turn for the better is less evident yet probably better founded than at the beginning of 1930. Last year, from beginning to end, was one of reduced activity and turnover in the cotton industry and trade; 1931 starts low but seems likely to work to somewhat better levels for the industry before the year is past.

There are some general indications that the cotton textile industry and trade on the Continent have now worked back to a basis that will result in a relatively more stable rate of raw cotton consumption in the future than has prevailed up to recent years. Briefly stated, it appears that the periods of feverish mill consumption of cotton in most continental countries in 1925 and from late 1926 to 1928 were exceptional and not very likely to recur. They represented to a considerable extent production destined to fill up the slack in consumer and trade stocks that still existed from war causes as well as to supply current retail demand. Generally speaking, stocks in distributing channels and the hands of actual consumers were replenished during those years and may now be described as "not far from normal on the basis of demand in recent years" - though recent slack trade demand has apparently reduced them to somewhat below such a conception. This fact seems likely to remove one of the major causes of the rather violent changes that have occurred in continental cotton goods production in the past several years. Actual figures on stocks of cotton goods are nowhere available in Europe, but an analysis of certain indices of retail textile sales and cotton mill production points to these broad indications, at least for Central Europe and the territory within the competitive sphere of these countries. These facts are of interest as having considerable bearing upon what should be regarded as a normal rate of mill activity .

1/ Based on report dated January 7, 1931 from Agricultural Attache' L. V. Steere at Berlin, suplimented by cable January 17.

and raw cotton consumption on the Continent in years to come. The average annual consumption of cotton in Germany, for example, will probable be lower in years to come than the high levels of mill activity in 1925 and 1927-28 have led many people to expect, and the same is true of other continental countries also.

The following data, while relating to Germany, are believed indicative of the tendencies in a large part of the Continent around Central Europe, but are probably not applicable to France.

Table 1.- Indices of cotton textile distribution in Germany.

Item	1925	1926	1927	1928	1929	1930
Retail Clothing Sales (Value 1925 = 100)	100	95	103	106	98-102	90-93
Sales of all textiles (Value 1925 = 100) 1/.....	100		104	114	111	2/ 103
Estimated volume of cotton Textile Sales (1925 = 100).....	100	96	100	103	99	94

1/ In German Department and large specialty stores.
2/ Estimate.

The relatively small fluctuation in sales of cotton textiles results from a less elastic consumption because of the "necessity" character of most cotton goods. Cotton goods consumption from 1925-1929 on the average was probably not far from what may be regarded as a normal rate, so that the figure for 1930 represents a considerable decline, one due to decreased purchasing power. It is believed, however, that expected reductions on retail textile prices and, later on, improvement in general economic conditions will prevent further recession.

Since the period 1925-1929 was taken as near normal, on the average, for retail distribution of cotton goods, a comparison with mill production of goods over the same period will give indications of the movement of goods stocks in trade channels in those years.

The index of production used below is based upon raw cotton consumption in Germany, Czechoslovakia, Austria, Poland, Hungary and Switzerland (1924-25 - 1928-29 = 100)

Table 2.- Indices of cotton textile production and distribution.

Item	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30
Production	89	87	109	117	100	93
Cotton Textile Sales (Cal. year)	100	96	100	103	99	94
	Large reduction of stocks		Large rise in stocks		Small reduction in stocks, to perhaps below normal.	

The changes indicated in stocks level are about in line with textile trade reports during the period to which the figures refer, but were apparently not as great in extent as the reports often inferred. The figures seem to indicate, further, that mill production could still decline to some extent, though on the other hand, the relatively important drop in retail distribution indicated for 1930 and the prospects for reduction of cotton goods prices give ground for belief that a revival inthe quantity of cotton goods consumed is just as much within the realm of possibility. Another indication of the data is that the level of raw cotton consumption attained in 1926-27 and 1927-28 can hardly be expected to recur, unless conditions should develop which would result in a renewed exhaustion of stocks. If a period of high mill activity should come about because of extremely low cotton prices, or for other reasons, it would undoubtedly raise goods stocks in trade channels materially above normal levels and be reflected in a sharp curtailment of mill operations in the industry. It would appear that a normal rate of raw cotton consumption in Central Europe is about equivalent to that prevailing in the season 1928-29, which was distinctly below the levels in the two preceding years.

Available data do not permit the drawing of definite conclusions regarding stocks of cotton textiles in the other important cotton textile producing countries on the Continent, particularly France and Italy. Reports from France during 1930, however, have indicated some tendency for cotton goods stocks to accumulate, though the rise has probably not been large. The situation in France in the past two years has had some similarity to the two years 1926-27 and 1927-28 in Germany, except that levels of activity in the French industry have not been as much above normal as German operations were at that time. Mill consumption of cotton in France does not normally fluctuate greatly from year to year. In Italy, the cotton industry has been contending with forced retrenchment throughout 1930. A reduction of stocks of products held by mills has occurred during the year after a steady rise during 1929, and it seems probable that similar developments have taken place in the textile distributing trade. Conditions in Italy during 1930 have resembled those of 1929 in Germany to a marked extent.

Table 3.- Cotton: Continental mill consumption of all kinds, by countries, 1927-28 to 1929-30

Country	1927-28	1928-29	1929-30
	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.
Germany	1,564	1,353	1,292
France	1,169	1,212	1,155
Italy	935	1,017	967
Czechoslovakia	542	487	444
Belgium	380	405	402
Spain	406	397	400
Poland	358	254	222
Switzerland	137	122	118
Holland	175	182	194
Austria	160	143	111
Sweden, Portugal			
Finland, Denmark	1/ 295	273	290
Norway, Hungary			
Total 16 countries	6,121	5,845	5,595

Figures of the International Federation in running bales converted into approximate bales of 478 pounds net or 500 pounds gross on the basis of the following coefficients: 1 Indian bale = 8 American bales; 1 Egyptian bale = 1.48 American bales; 1 "Sundries" bale = .72 American bales; and 1 American bale = approximately 478 pounds net, or 500 pounds gross.

1/ An estimate for Hungary included as prior to 1928-29 consumption in Hungary was given in "Sundries" countries.

The position of American and competitive cottons.

Unusually low prices of non-American growths, particularly Indian and Egyptian, have caused rather marked increases in the consumption of these cottons at the expense of American in continental countries in recent years. The tendency has been particularly noticeable with Indian growths, in the case of which price relationships have been extremely favorable and the technical possibilities of substitution for American greater than exist for Egyptian.

Table 4.- Cotton: Continental consumption of Indian and Egyptian in relation to American and relative prices, 1925-26 to 1929-30

Season	Consumption			Indian Cotton		Egyptian Cotton	
	American	Indian	Egyptian	Average price Nov-Mar in percentage of American 1/	Consumption in percentage of American	Average price of Uppers, Nov-Mar in percentage of American	Consumption in percentage of American.
	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	Percent	Percent	Percent	Percent
1925-26	3,941	856	425	81	23	118	11
1926-27	4,427	690	485	96	16	119	11
1927-28	4,675	778	478	85	17	117	10
1928-29	4,239	924	506	77	22	103	12
1929-30	3,772	1,010	537	72	27	100	14

International Federation figures corrected, including estimates for Hungary prior to 1928-29.
1/ Average quotations for American Seed, Broach, Comra and Scindh.

Price relationships between American and Indian growths so far this season are more favorable to American cotton than was the case last year. It is expected, therefore, that the consumption of Indian cotton during the current season will be somewhat smaller, relatively, than last year. Prices of Egyptian cotton were also above last year's parity with American during the first months of the current year, but have been dropping steadily since September and fell below last year's parity in December. It appears likely that consumption of Egyptian cotton in relation to American will not differ materially this season from that of last year. Consumption of "sundries" cotton in 1931, on the other hand, appears likely to decline because of the exceptionally low price of American staple.
See Tables 5 : Continental mill consumption by growths, and Table 6: Prices of Indian Cotton in percentage of American.

Spinners' takings

Spinners' takings of American cotton on the Continent this season to about December 26 were about 230,000 bales below those of last year and were especially small during December in comparison with a year ago. Larger takings are expected in the next few months, and it is believed that last year's decline in May, June and July will not be repeated.

Table 5.- Cotton: Continental mill consumption by growths, 1924-25 to 1930-31

Season	American	Indian	Egyptian	Sundries	Total
	1,000 bales of 500 lbs	1,000 bales of 500 lbs	1,000 bales of 500 lbs	1,000 bales of 500 lbs	1,000 bales of 500 lbs.
1924-25	3,730	894	459	116	5,199
1925-26	3,951	858	425	135	5,369
1926-27	4,437	692	485	162	5,776
1927-28	4,680	778	478	185	6,121
1928-29	4,239	924	506	176	5,845
1929-30	3,772	1,010	537	276	5,595

International Federation figures converted including estimates for Hungary prior to 1928-29.

Table 6.- Cotton: Prices of Indian in percentage of American 1/

Season	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
1926-27	92	90	112	105	108	86	92	91	87	87	90	87
1927-28	84	73	85	82	84	84	87	87	82	81	82	78
1928-29	80	77	77	79	78	78	76	74	73	72	70	68
1929-30	72	72	72	74	72	72	70	72	68	67	70	64
1930-31	64	76	75	77	76	79						

1/ Average Bremen quotations for fine mgd. Scindh, fine mgd. Oomra No. 2, f. st., fine mgd. Broach, and American Seed No. 1 (Punjab).

Table 7.-Cotton: Prices of Egyptian uppers 1/ in percentage of American 2/

Season	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1926-27	107	118	134	126	114	119	113	117	113	122	127	126
1927-28	128	118	116	119	115	117	115	119	124	120	114	108
1928-29	105	104	103	101	103	103	105	104	100	100	96	96
1929-30	94	100	97	98	97	98	104	104	100	103	101	111
1930-31	108	116	110	101	93	95						

1/ At Liverpool.
2/ Bremen quotations for Strict Middling American, 1-1/16" .

Table 8.- Cotton, America: Continental spinner takings specified periods.

Four weeks ending about	1926-27	1927-28	1928-29	1929-30	1930-31
	Running bales	Running bales	Running bales	Running bales	Running bales
Aug. 1 - Aug. 8	(62)	(89)	(131)	(121)	(52)
Sept. 5	317	431	295	232	231
Oct. 3	288	334	339	282	276
Oct. 31	457	421	427	332	323
Nov. 28	473	440	424	434	389
Dec. 26	544	475	436	415	313
Total Aug. 1 to Dec. 26	(2,141)	(2,190)	(2,052)	(1,816)	(1,584)
Jan. 23	449	430	454	406	
Feb. 20	680	440	361	380	
Mar. 20	539	386	477	364	
Apr. 17	463	401	332	304	
May 15	524	420	337	256	
June 12	443	361	417	245	
July 10	516	384	304	243	
July 31 1/	253	303	143	163	
Total.....	(6,008)	(5,315)	(4,877)	(4,177)	

1/ Three weeks.

Digest of present situation and outlook in individual countries

Germany has had a very unsatisfactory year in the cotton textile industry during 1930, and gives little promise of much improvement in the immediate future, though some increase in mill activity appears probable during 1931. Stocks of yarns and cotton goods are considered relatively low, but may not change materially from current levels if production and retail distribution continue about equally restricted, as in 1930. Prospects of reduced retail prices of cotton goods, with a possible upturn in general business in the second half of 1931, afford some hope for revival in the actual volume of cotton goods consumption in the coming year.

Czechoslovakian cotton industries also experienced very unsatisfactory operating conditions in 1930. A moderate improvement late in autumn appears to have been checked subsequently. It is expected that Czechoslovakian mills will be able to maintain and probably increase upon the rate of raw cotton consumption reported in 1930, but the current tariff war with Hungary and possible reduction of spindleage in Czechoslovakia may affect the actual amount of cotton consumed. Austria experienced a heavier reduction in cotton consumption than probably any other country on the Continent in the season 1929-30, but is expected to increase the amount used in 1930-31. The capacity of Austrian mills, however, has been reduced by the transfer of spindleage to Hungary and Yugoslavia as a result of the effects of the tariff situation. If the Czecho-Hungarian tariff war continues for any length of time, Austria will probably obtain increased business with Hungary. The Hungarian cotton textile industry is well protected and its capacity far below home market requirements, so that consumption in 1931 is expected to equal and probably to exceed that of the past year. Switzerland was considerably affected by the general textile depression in 1930, but reports indicate expectation of at least a small improvement in 1931.

Poland The Polish cotton industry has made marked progress in readjustment of production to sales possibilities in the past year and is expected to attain a moderate increase in cotton yarn and cloth production in 1931, even though domestic economic and foreign trade conditions are distinctly unfavorable. So far as can be judged at the present time, a consumption of raw cotton in 1930-31 equal to and slightly above that of 1928-29 is reasonably possible.

France France appears to be faced with a year of some general business recession which may extend, at least to a slight extent, to the textile industry. As the French mills, however, are generally well equipped with the most modern machinery and enjoy relatively low wages costs, and, at the same time, find it necessary as a practical matter to maintain operations wherever possible in order to hold their skilled labor, it appears that consumption of cotton in the new year should not be reduced to an important extent, if at all. The French cotton industry has shown itself able to compete with other continental countries in the past two years of intense competition, and 1931 should not alter the situation.

Consumption of cotton in Italy in 1930-31 is not expected to differ materially from that during the season 1929-30 and the same is true for Holland and Belgium, though the possibility of a slight reduction in the latter two seems greater than the likelihood of an increase.

Soviet Russia

All available information indicates, barring unusual developments, that 1931 will be characterized by a considerable diminution of Russia's dependence upon foreign cotton, as a result of the large 1930 crop and the further increase planned in 1931. Preliminary reports point to a probable production in 1930 of 1,700,000 to 2,050,000 bales of 478 pounds as compared with 1,310,000 in 1929, while the 1931 plans for the cotton acreage call for an increase of about 45 per cent over the area sown in 1930. This plan, if only partially carried out, and provided weather conditions prove favorable, might mean an almost complete removal of the necessity of imports of foreign cotton on basis of the present consumptive capacity of the cotton mills.

Hitherto, Soviet cotton textile production has been limited by the size of the domestic crop and funds for buying foreign cotton, but it now appears that a stage is approaching where domestic production will cover internal requirements and even provide some surplus, unless the number of mills is increased. Such a contingency, of course, does not seem probable before 1932 and might not materialize even then. The success or failure of 1931 cotton production plans in Russia, in any event is of no little significance in its bearing upon Russia's probable future need for American cotton.

Russia's cotton textile production plan for the economic year 1931 1/ provides for the manufacture of 3,083,952,000 yards of fabrics or an increase of about 20 per cent over the 2,573,240,800 yards produced in the economic year ended September 30, 1930. It should be noted, however, that the production plan for 1930 failed to reach expectations by a wide margin, largely because of raw material shortage. The plan had called for an output of over 3,281,000,000 yards as compared with 3,091,000,000 yards produced in 1928-29.

Japan

Yarn production in Japan in December amounted to about 84.4 million pounds, an increase of 2 million pounds over November, according to cable from Consul Dickover. This was the sixth consecutive month in which yarn production has increased and amounted to 19.2 per cent over the July production of 70.8 million pounds. This increased yarn production is due largely to high yarn prices caused by speculation on Japanese exchange. These abnormal yarn prices in Japan, together with the low value of silver in China are encouraging the importation of cheap Chinese yarn. Production of cotton cloth in December increased over November by 9 million yards. Exports, however, decreased slightly due to higher Chinese tariff. It is feared that this tariff will be adverse to the Japanese cotton industry.

1/ Beginning with January 1, 1931, the economic year in Russia will coincide with the calendar year.

The Japanese mills continue to purchase only sufficient cotton to cover their yarn commitments, according to Consul Dickover. There is little or no buying as yet to replenish depleted stocks. The buying of large quantities by importers on speculation appears to be abandoned this year. It is expected that the Japanese mills will take a million or more bales of American cotton during the 1930-31 season but purchases will probably be separated evenly throughout the year. Imports of American cotton in December amounted to 100,418 bales of 478 pounds net, which was only slightly in excess of mill requirements. Imports of Indian cotton, so far this season, have exceeded those of the same period last year by over 100,000 bales.

China

Prices of domestic cotton and cotton yarn in China have recently advanced due to the decline of silver and, in the case of raw cotton, to the smaller arrivals, according to a cable received from Agricultural Commissioner Myhus at Shanghai. The advance in yarn prices, however, has not been comparable with the advance in the prices of foreign cotton and the buying of foreign cotton is temporarily quiet. Arrivals of American cotton have been large. This, together with commitments, gives the mills a supply up to April at least and the demand for American cotton at present is very quiet.

Spinning operations in the Japanese owned mills are active and the movement of yarn from mills as well as the stocks on hand are quite satisfactory. Japanese mills continue to be sold out well forward and should be in the market again before long for substantial amounts of raw cotton from the current crop. There is an active demand for piece goods in stock, but due to the present rate of exchange and the higher tariff, prices in many lines must advance considerably before replacements can be made. The new piece goods tariff will doubtless stimulate the local weaving industry and consequently the outlook for higher count yarns. More peaceful civil conditions is another favorable factor in the textile situation. The new low level of the silver exchange is a speculative factor in the outlook and as a result of the unfavorable exchange, requirements for American cotton may be curtailed. High count yarn prices may be rather slow in adjusting to the lower silver exchange.

Brazil

The cotton textile industry in the State of Sao Paulo is in the most serious situation in its history, according to a report from Assistant Trade Commissioner, J. Winsor Ives at Rio de Janeiro. The industry in this State represents approximately 32 per cent of the volume and value of Brazil's total.

In a mill to mill canvas of sixty of the largest mills in the State of Sao Paulo which represent 87 per cent of the total spindles and 80 per cent of the total looms in the State it was found that on October 30, 1930 only 39 per cent of the total spindles were working regularly, 41 per cent were on varying schedules of activity, 17 per cent were either practically closed or temporarily closed and the remaining 3 per cent were inactive through mills being bankrupt or otherwise involved in financial difficulties.

Production, acreage, and crop condition reports

United States

Production - The December report on the probable production, acreage, and yield was the last report that will be made until the revised estimates are released in May following the final ginnings report of the Bureau of the Census. Until that time the December estimates will remain as the official figures for the United States as a whole and for the separate States. In view of this fact the accompanying Table giving the probable production and yield per acre for the 1930 crop with comparisons is included this month.

From this Table it may be seen that in South Carolina, Georgia, Florida, Alabama, and in the irrigated region, New Mexico, Arizona, and California, the indicated yields of the 1930 crop are unusually large while in North Carolina, Mississippi, Oklahoma, Arkansas, Virginia, Tennessee, and Missouri, the yields are below average.

Table 9.-- Cotton: Indicated production and yield per acre in the United States, crop of 1930 with comparisons

State	Yield per acre left for harvest			Production (Ginnings) 500 pounds gross weight bales 1/		
	10-year average 1919-1928	1929	1930 (Dec. 11 est.)	1928 crop 2/	1929 crop 2/	1930 crop (Dec. 1 est.) 2/
	Pounds	Pounds	Pounds	1,000 bales	1,000 bales	1,000 bales
Va.	246	258	228	44	48	42
N. C.	255	190	233	836	747	795
S. C.	175	179	227	726	830	1,040
Ga.	134	171	199	1,030	1,343	1,625
Fla.	106	145	232	19	29	50
Mo.	249	308	207	147	220	160
Tenn.	182	217	153	428	515	400
Ala.	146	174	188	1,109	1,342	1,495
Miss.	173	220	169	1,475	1,915	1,500
La.	152	183	162	691	809	710
Tex.	135	108	116	5,106	5,940	4,100
Okla.	153	126	106	1,205	1,143	900
Ark.	167	178	112	1,246	1,435	910
N. Mex.	3/ 288	333	377	88	90	100
Ariz.	291	324	361	4/ 149	4/ 153	4/ 160
Calif.	293	402	443	172	260	250
Other	3/ 188	227	149	7	9	6

1/ Not including production of linters which is usually about 6 per cent as much as the lint.
2/ Allowances made for cross State ginnings.
3/ Less than a 10-year average.
4/ Including 30,000 bales Egyptian in 1928, 30,000 bales in 1929 and 28,000 bales in 1930.

Quality of the crop - The quality of the cotton ginned prior to December 1, 1930 is about the same as that ginned prior to November 1. As was pointed out last month the staple length of the 1930 crop so far is better than the 1929 crop, there being only 13.3 per cent untenderable due to short staple this year compared with 19.9 per cent last year. The improvement in staple is largely in the 15/16" to 31/32" group which represents 24.9 per cent of the total this year. This is 6.0 per cent more than was represented in that group last year at this time. The grade of 1930 crop is also running some better than the previous crop.

World production and acreage

Note: In this section of last month's report there was an error in the addition of one column in the Table. The total estimated production for 1930-31 in the 13 countries which had reported up to that time was 22,450,000 bales instead of 24,450,000 bales as was given in Table 4, page 16 of the December report. The percentage 1930-31 is of 1929-30 should have been 100.3 instead of 109.2. This would have made the text on page 15 the second sentence in the first paragraph under World summary of production and acreage read, "In the 13 countries the estimated production this year is 0.3 (instead of 9.2) per cent above last year's production."

Revisions have been made in the estimates of production in the 13 countries which reported for the 1930-31 crop since last month. In these countries which produced about 85 per cent of the estimated world production last year the estimated production this year is about 22,317,000 bales of 478 pounds net or a decrease of 45,000 bales or 0.2 per cent below last year's production. These estimates are preliminary, however, and will be revised from time to time. (See Table 10)

The estimated acreage planted to cotton in 13 countries reporting to date (not the same 13 which have reported production) for the 1930-31 crop has been revised. From the latest reports the acreage in these countries is estimated to be 0.5 per cent above last year. The acreage in these countries last year represented about 93 per cent of the estimated world total.

Table 10.-- Cotton: Acreage and production in countries reporting for 1930-31, with comparisons

Item and country	Average 1909-10 to 1913-14	1928-29	1929-30	1930-31 prelim.	Percentage 1930-31 is of 1929-30
Acreage	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
United States	34,152	45,341	45,793	45,218	98.7
India 1/	21,361	24,992	23,536	22,964	97.6
Russia	1,569	2,257	2,595	3,840	148.0
Egypt	1,743	1,805	1,912	2,162	113.1
Uganda	58	684	673	725	107.7
Chosen (Korea)	146	503	456	463	101.5
Mexico	253	502	492	393	79.9
Anglo Egyptian Sudan	44	268	369	398	107.9
Greece	19	38	35	27	77.1
Spain	--	19	24	47	195.8
Syria and Lebanon	--	19	60	76	126.7
Algeria	2	12	14	14	100.0
Bulgaria	2	13	14	14	100.0
Total above countries	59,349	76,453	75,973	76,341	100.5
Est. world total excl. China	62,500	82,400	81,900	82,300	
Production 2/	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Per cent
United States	13,033	14,478	14,828	14,243	96.1
India 3/	3,529	5,018	3,910	3,977	101.7
Russia	905	1,250	1,310	4/ 1,850	141.2
Egypt	1,453	1,672	1,725	1,697	98.4
Mexico	187	278	246	169	68.7
Anglo Egyptian Sudan	14	142	142	171	120.4
Chosen (Korea)	20	150	139	152	109.4
Greece	13	15	12	9	75.0
Tanganyika	5/ 8	28	23	18	78.3
Union of So. Africa	6/	8	12	12	100.0
Spain	--	3	3	9	300.0
Bulgaria	1	3	4	4	100.0
Algeria	7/ 1	6	8	6	75.0
Total above countries		23,051	22,362	22,317	99.8
Est. world total, incl. China		26,100	26,300	26,400	

Official sources and International Institute of Agriculture.

1/ Third estimate incomplete. 2/ In bales of 478 pounds net. 3/ First estimate, incomplete. 4/ Approximate mid-point of a range of reports. 5/ Average for four years. 6/ Less than 1,000 bales. 7/ Average for three years.

Compiled by the Foreign Service of the Bureau of Agricultural Economics from the latest available sources.

Egypt

It is estimated that 964,000 bales of cotton of 478 pounds net have been ginned in Egypt up to January 1 according to a cable from P. K. Norris, Cotton Specialist of the Foreign Agricultural Service at Cairo. This is a decrease of 111,000 bales or 10 per cent under the 1,075,000 bales ginned at the same date last year, and 231,000 bales or 19 per cent less than were ginned up to January 1 of 1929. Of the total ginnings to January 1, 224,000 bales were of the Sakellaridis variety. This is 85,000 bales or 28 per cent less than were ginned at the same date last season and 145,000 bales or 39 per cent less than were ginned by January 1, 1929. The ginnings to January 1 of all other varieties is estimated at 740,000 bales, a decrease of 26,000 bales or 3 per cent under the quantity ginned at the same date last season and 86,000 bales or 10 per cent less than were ginned by January 1 of 1929.

India

The picking of the cotton crop in Punjab, India, is nearly finished, according to a cable from the International Institute of Agriculture at Rome. The crop was normal to below normal. Last season 659,000 bales of 478 pounds net were produced in Punjab; the Province producing on an average of about 12 per cent of the total crop for the past ten seasons and the range has been from 7 per cent to 16 per cent of the total crop. It was estimated in August that 2,310,000 acres were planted in Punjab this season and the final estimate last year was 2,496,000 acres. About ten per cent of the total cotton acreage of India is in Punjab.

Russian production

There is no doubt that cotton production is increasing very rapidly in Russia and present information points to a crop between 1,700,000 bales and 2,000,000 bales for 1930. This estimate is probably sufficiently close for practical purposes. In setting the Russian crop down definitely, however, one is faced with the problem of choosing from among several sets of figures. Furthermore, it is necessary to use an estimate for the present crop which is comparable with estimates for previous crops. All of the figures on Russian cotton production are from Russian sources originally, but the changes in these figures are of such nature that they lead to confusion. For this reason it seems well to state in some detail the problem of obtaining figures on Russian cotton production.

Russian sources estimate cotton production of that country by weight in terms of unginned cotton. This leads to the necessity of converting figures from unginned to ginned cotton. The International Institute of Agriculture at Rome uses the factor 0.33 for converting Russian figures from an unginned to a ginned basis. This assumes that the lint constitutes 33 per cent of the seed cotton. Mr. I. V. Chernyshev in "Agriculture of Pre-war Russia and U.S.S.R." 1926, page 100, stated that there was one pound of lint cotton to every 3½ pounds of Russian seed cotton before the war. According to this relationship, Russian seed cotton would be about 28.57 per cent lint. Although the difference is not material when the production is small, the Russian crop is now reaching a size that makes such differences of practical importance. No doubt further attention needs to be given to the factor used in converting Russian figures from an unginned to a ginned basis. For the present, however, it seems desirable to accept the figure used by the International Institute.

The problem of selecting a figure for Russian production is illustrated by the discrepancy of figures for the 1929 crop. Formerly, the International Institute reported 1,350,000 bales as the size of the 1929 crop. In their most recent Yearbook they published revised Russian figures for the years 1926 to date. In this revision the Institute placed the 1929 crop at 1,486,000 bales on the basis of an estimate in the official Russian Control figures. In their October, November and December monthly bulletins, however, the Institute published the estimate 1,225,000 bales for the 1929 crop. The most recent available figures issued by the State Planning Board of U.S.S.R.(Gosplan) place the 1929 crop at 1,310,000 bales. This figure is now accepted by the Institute. As the Institute's revised figures can now be checked with Russian official figures, except for a minor discrepancy in 1926, it seems advisable to use these as representing Russian production for the last few years.

For 1930 the Gosplan figures obtained both directly and through the Institute placed the crop at not less than 2,050,000 bales. This figure is probably too high. The monthly publications of the Institute for October, November, and December placed the Russian crop for 1930 at 1,680,000 bales. Last year, as noted, the early figures were higher than the final crop outturned. With this in mind it seems probable that subsequent Russian figures for 1930 may be scaled downward somewhat. Probably the 1930 Russian crop will range somewhere between 1,700,000 and 2,000,000 bales with the midpoint of this range giving the most reasonable specific figure.

Table 11.- Cotton: Russian production according to sources, 1926 to 1930

Year beginning Oct. 1	State Planning Board of the U.S.S.R. 1/ (Gosplan)	International Institute's figures previously used	International Institute's latest figures
	Bales of 478 pounds 2/	Bales of 478 pounds 2/	Bales of 478 pounds2/
1926	850,000	770,000	830,000
1927	1,090,000	990,000	1,090,000
1928	1,250,000	1,140,000	1,250,000
1929	1,310,000	1,350,000	1,310,000
1930	2,050,000		2,050,000

1/ From the "Control Figures of National Economy of U.S.S.R. for 1929-30" and "Shifts in the Agriculture of U.S.S.R. between the XV and XVI Party Congresses, 1930" and "Economic Life" and "Socialist Agriculture" for December 22, 1930.

2/ Production in terms of seed cotton converted to lint by the use of the factor 0.33 which means that lint cotton amounts to 33 per cent of the seed cotton. Rounded to the nearest 10,000 bales.

Special summary of the Egyptian Government's cotton policy

The Egyptian Government has taken action in the cotton market a number of times in past years in an effort to stabilize the price of Egyptian cotton. Recently they have had A. Abdel Wahhab Pasha, Under-Secretary of State make a study of their whole cotton problem. This includes a study of the effectiveness of the government's activities in the cotton market. The report is entitled "Memorandum on the basis of a stable cotton policy submitted to H.E., the Minister of Finance". The following is a brief summary of certain sections of the report.

1914

The Egyptian Government made its debut in the field of intervention in the cotton market shortly after the outbreak of the World War which caused a severe economic crisis in Egypt due largely to the interruption of communications, especially by sea, and to the disappearance of credit. In order to meet the situation, the Government entrusted to certain export houses the power to purchase cotton for Government account, from small cultivators "up country". Soon afterwards prices began to rise and the situation was relieved.

1921

No further intervention took place until 1921, for during the War, and for two years after the armistice, cotton prices advanced rather steadily and cotton production was very profitable. In the general price deflation of 1920 and 1921 the decline of Egyptian cotton was very great; the percentage decline was even greater than that of American (middling 7/8 inch), and on March 3, 1921 the premium of Egyptian Sakel over American in Liverpool was only 48 per cent. It was soon after this that the Egyptian Government decided to intervene: the same measure was adopted as at the beginning of the war and the export houses were again instructed to buy cotton "up country" for Government account. Soon thereafter prices began to rise and the premium of Sakel over American in Liverpool had risen to 83 per cent. In April when the prices started declining again the Government decided to enter the spot market at Minet el Bassal and at the end of the month prices had recovered some and the premium was about 98 per cent. In May Egyptian cotton declined while American advanced and the premium dropped to 72 per cent. Prices in June were irregular though American and Egyptian moved together and by July a general recovery had set in. The Government on this occasion bought 174,000 cantars, or the equivalent of 36,055 bales of 478 pounds. (88,000 cantars or 18,235 bales from up-country and 86,000 cantars or 17,820 bales at Minet el Bassal) at a cost of 950,000 L. E. (Egyptian Pounds) or about $3,822,000.

1922

On April 22, 1922, the Council of Ministers approved the Ministry of Finance's suggestion of intervention on the spot market and the Minister of Finance was authorized to take the necessary measures for intervention at Minet el Bassal. The reason given for the intervention at this time was that the price of Egyptian cotton had declined more in proportion to American than the state of trade or the statistics of the crop would justify. On the day previous to this decision the premium was 57 per cent. Although prices of Egyptian rose during May there was a corresponding rise in American and the premium throughout the month varied from 51 to 56 per cent. The rise in prices of American during June and the first half of July was such as to cause the premium to vary between 42 and 53 per cent. Prices began to drop following this and Egyptian suffered more than American resulting in premiums from 38 to 54 per cent. This intervention was of short duration and only 22,864 cantars or 4,738 equivalent bales were purchased at a cost of about 140,318 L. E. or about $638,000.

1923

In August 1923 another effort was made to strengthen the market when a committee of three which had at its disposal 500,000 pounds or about

$2,320,000 began operations at Minet el Bassal. The premiums of Egyptian over American from July 1922 to about this time had been narrowing rather steadily and on June 29, 1923 was only 1 per cent. There was a rise in prices in September and the premium varied between 7 and 13 per cent. Prices in October were unsteady, but the premium remained fairly steady, varying from 2 to 11 per cent. During the next two months prices fluctuated considerably, but the premium only varied from 1 to 22 per cent. The amount bought this time was 39,766 cantars or 8,240 bales and the cost amounted to 272,495 L. E. or about $1,264,704.

1924

There was a considerable decline in the price of Sakel in the first half of September 1924 and the Government decided to begin buying again. Prices rose after the intervention and at the close of the month were well above the opening of the month. American followed about the same course during September and the first part of October, but by the end of November the premium of Sakel over American had reached 77 per cent. The expenditure of the Government in 1924 amounted to 72,697 L. E. or about $334,000 for the purchase of 9,413 cantars or 1,950 bales.

1925 and 1926

The price of Egyptian cotton rose in late 1924 and until March 1925 and on March 19 the premium over American was as high as 160 per cent. The decline in prices which followed lowered the premium to 86 per cent and at that time the Government again tried to stimulate the market. Prices continued to decline, however, and by the end of November and December the premium was 74 and 67 per cent respectively. With the additional decline in the beginning of 1926 the Government increased its operations. At this time the Council of Ministers issued a statement that purchases at Minet el Bassal would be increased up to a limit of 500,000 cantars, equivalent to 103,607 bales, and that a premium of 75 per cent would be aimed at. The operations were continued to the end of the season in August, 1926, but the price level or the premium which was desired or aimed at was not reached. The only result of intervention was that spinners had to adopt a hand to mouth policy. There were 479,815 cantars or 99,424 bales bought or took up during this period and 3,095,312 L. E. or $15,423,940 were involved. The greater part of this cotton is still on offer abroad. This is the only time the report mentions anything about what disposition, if any, was made of the cotton bought.

In December 1926 the Government took measures to stop the decline in cotton prices and announced its intention of purchasing all contracts offered and of taking delivery of cotton on those contracts. "Natural factors" caused prices to rise and the Government did not take delivery of any cotton.

1929 and 1930

The situation was such that the Government refrained from intervention in either the futures or the spot market until the decline in 1929 when the announcement was made in November of that year that the Government would operate in the futures market and would take delivery on all contracts purchased. It was also stated that the Government did not desire to do more than relieve the pressure on the market and that cotton taken would not be stored, but would be disposed of at a favorable opportunity. On November 3, 1929 the announcement

was made that the Government was a purchaser of all November contracts (Sakel) and of December contracts (Ashmouni) at the price of $27 per contract (about 27.26 cents per pound), $19 per contract (about 19.18 cents per pound) for Ashmouni. A further announcement on November 16 fixed the same prices for January (Sakel) and for February (Ashmouni). The Committee in charge of the operations announced on December 23, 1929 that the March and April contracts would be bought at $27.50 (27.76 cents) and $19.40 (19.59 cents) respectively and would demand that cotton be tendered. On February 23, 1930 it was made known that in May or June all contracts of those two months would be bought at $28 (28.27 cents) for May (Sakel) and $19.80 (19.99 cents) for June (Ashmouni) and would take delivery as usual. Instead of matters taking the same course as in 1926, when prices rose and no cotton was delivered on contract, as was anticipated by the Government the course of events proved to be very different and cotton was poured upon the Government from every quarter until the quantity taken reached almost 3,000,000 cantars or the equivalent of nearly 621,640 bales of 478 pounds. (The money involved was not given).

As to the effect of these interventions the report makes the following statement:

> "It should be clear from the above that the only effect of the Government's intervention, either in the spot market or in futures, was in most cases productive of no better result than to perturb industrial circles and to encourage them to look for their requirements elsewhere. If it happened that prices rose after intervention, this was a purely fortuitous circumstance, as is shown by the fact that they continued to rise after the Government had withdrawn.
>
> Further, if we leave out of account 1921, when the Government bought 174,000 cantars (36,055 bales) of cotton, no one will argue that the purchase of 22,864 cantars (4,738 bales) in 1922 or of 40,000 cantars (8,240 bales) in 1923 or of 9,413 cantars (1,950 bales) in 1924 was the deciding factor which led to a rise: for if it had been, the Government's purchases in 1925-1926, amounting as they did almost to double the quantity bought in the three previous years, or the amounts taken up in 1929-1930, which went far beyond any prevision, would have lifted prices to the 1919 level.
>
> The proof that the Government's action did not produce the effect anticipated is the close relation which prevailed between the price of Egyptian and the price of American: Egyptian rose in price when American rose, but never when it did not".

The following Table gives a brief summary of the various interventions including the amount of cotton bought and the expenditures by periods:

Table 12.- Egypt: Governments interventions in the cotton market; the amount bought and the expenditures by periods

Approximate period of intervention 1/	Amount bought		Expenditures	
	Cantars	Equivalent bales of 478 pounds	Egyptian lbs.(L.E.)	Dollars 2/
Beginning of the War in 1914	(not given)		(not given)	
Mar.4-June, 1921	3/ 174,000	3/ 36,055	950,000	3,822,230
Apr.22-July, 1922	22,864	4,738	140,318	638,082
Aug.-Oct. 1923	39,766	8,240	272,495	1,264,704
Sept.18-30, 1924	9,413	1,950	72,697	333,970
Mar.1925-Aug.1926	479,815	99,424	3,095,312	15,423,940
Nov.3,1929-June,1930	3,000,000	621,640	(not given)	

Compiled from "Memorandum on the basis of a stable cotton policy; submitted to H. E. the Minister of Finance, by Under-Sec'y. of State, October 12,1930.
1/ The periods are only rough approximations.
2/ Egyptian pounds converted to dollars at the average rate of exchange existing during the period.
3/ 88,000 cantars or 18,235 bales from up-country and 86,000 cantars or 17,820 bales at Minet el Bassal.

The future policy of the Egyptian Government

It is now felt that the most logical and effective way of meeting the low cotton prices from the standpoint of the Egyptian producer is by reduced production costs. The report points out that prices of Egyptian cotton are largely controlled by what takes place in the price of American cotton. Of the recommendations made in the report the Egyptian Government either has adopted or appears likely to adopt the following recommendations, according to P. K. Norris, Cotton Specialist of the Foreign Agricultural Service at Cairo:

(1) The establishment of an agricultural bank which will provide loans to producers at a reasonable rate and will thereby lower the cost of production.
(2) The reduction of rent on land.
(3) The restriction of the growing of Sakellaridis to certain sections of the Delta.
(4) Refrain from buying more cotton at any price.

The bank is now in the process of being formed. The Government has instructed the Courts to refuse to hear cases where the landlord is trying to collect rent if 80 per cent of the 1930 rent has been paid and in case where less than 80 per cent has been paid to give judgment only for an amount equal to 80 per cent. This is equal to a reduction in rent of 20 per cent. In regard to the recommendation pertaining to acreage deductions the Government in December issued a decree prohibiting the planting of Sakel in all but the three provinces of Gharbiya, Beheira, and Daqahliya. In these provinces the acreage is to be restricted to 40 per cent of the present. Since these three provinces produce about 85 per cent of the Sakel the decree if enforced will mean that the area planted to this variety will be limited to about 34 per cent of the present acreage or a reduction of about 66 per cent.

The Egyptian Government and the Cotton Exchange

The Egyptian Government announced that it will dissolve the Board of Directors of the Cotton Exchange in case the speculators secure control of the Exchange at the annual election on January 26, according to a recent cable from Mr. Norris. He further states that in case the Board of Directors should be dissolved the Exchange will be operated by a committee appointed by the Egyptian Government.

Miscellaneous News

Recent bills introduced in Congress

H. R. 15985 - by Mr. Cross of Texas, for the prevention and removal of obstructions and burdens upon interstate commerce in agricultural commodities by regulating transactions on commodity exchanges, putting a stop to short selling thereon.

H. J. Res. 451 - by Mr. Jones of Texas, to establish a rate-adjustment division for the benefit of agriculture.

Extended uses for cotton

In all the industrial towns of Lancashire, England, efforts have been and are being made to popularize cotton by means of exhibitions, dances, competitions, etc., according to reports on the meeting of the International Cotton Committee held at Brussels, October 20, 1930. This report also stated that a joint committee was organizing a British Cotton Textile Exhibition to take place in the White City, London in February. The exhibition will be under the auspices of the British Government as a section of the British Industries Fair and will fill eight large halls covering 120,000 square feet.

Arno S. Pierce in his report to this committee pointed out what was being done to popularize cotton in Germany. He brought to the attention of the committee a calendar containing a daily injunction to housewives of the possible new uses of cotton for clothing and general household requirements. He also submitted other examples of new uses such as cotton stationery and cotton wallpaper.

In connection with cotton stationery the new uses section of the Cotton Textile Institute estimates that more than 2 million square yards of print and shade cloth have already been used in making cotton stationery since the

introduction of its use about six months ago.

International Cotton Congress, 1931

The 15th International Cotton Congress will be held in Paris June 23-25, 1931. Various questions and problems will be discussed including "Cause of the Depression of World Cotton Industry and Remedies" and "The Various Factors affecting the Normal Trend of Cotton Values". The tentative program indicates that some three or four Americans will submit papers on these subjects.

Cotton acreage reduction

The American Cotton Cooperative Association and the State Commissioners of Agriculture of the Cotton Belt held a conference in Memphis on January 12, 13, 14 to discuss acreage reduction.

The Southern Cotton Production Association supplementing the activities of the Federal Farm Board has launched a campaign to bring about a cut of 25 per cent in the acreage devoted to cotton throughout the Belt according to the Press on January 16. The field agency of this Association, which was organized in Corpus Christi last October are touring the south and it is reported that the Bankers Association of the Cotton Belt have joined the campaign to induce farmers to reduce the acreage one-fourth below 1930 plantings for a period of five years.

Outlook for American cotton

Bulletin No. 4 of the Federal Farm Board called "Outlook for American Cotton" has recently been released and copies may be obtained free upon request from the Director of Information, Federal Farm Board. The statistical and economic facts upon which this statement is primarily based as well as the outlook for other southern agricultural products are treated more comprehensively in the United States Department of Agriculture Miscellaneous Publication No. 102 and 104 which may also be had free upon request from the Bureau of Agricultural Economics. The Farm Board's outlook statement deals with some phases of the outlook which are not found in the reports of the Bureau of Agricultural Economics.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-67 WORLD COTTON PROSPECTS February 26, 1931

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SUMMARY

The continuation of the upward movement in cotton prices which began in December has created more confidence in the textile industry and reports from Liverpool and the Continent of Europe indicate increased buying and price fixing on the part of the spinners.

The total visible supply of all cotton on February 13, 1931 was about 1.8 million bales above the corresponding date a year ago and 2.5 million bales above 1929 whereas the visible supply of American cotton was 2.0 million bales above last year and 2.1 million bales above the corresponding date the year before.

Exports of raw cotton thus far this season continue to lose ground when compared with exports last season, total exports for this season to the end of January being about 412,000 bales below the same period last season whereas a month earlier they were only 216,000 bales below the corresponding period of 1929-30.

The textile situation as a whole is not far different from what it was a month ago. In the United States and some of the foreign countries, however, the sentiment has improved due to the advance in some of the speculative commodities. In the United States the sales of standard cotton cloth during January were encouraging because of the large increase over December and the fact that they were above January, 1930. The increase in consumption of domestic cotton in January as compared to December on the other hand was less than the average increase during previous years.

In Great Britain the outlook was somewhat improved with the ending of the lock-out of the weavers and the prospects for a settlement of the political troubles in India. On the Continent the continued unsatisfactory business in yarns and fabrics resulted in further restriction in activity and output in both spinning and weaving mills in January, but the latest reports indicate that the continued rise in the prices of raw cotton has caused increased buying and price fixing by the spinners and that the feeling in the industry as a whole is considerably better. In China both the Japanese and the Chinese mills continue to operate at full capacity. The Chinese mills, however, report slow yarn business and some accumulation of stocks while the Japanese mills continue to be sold out well forward. Although new business at present is very quiet it is expected that an improvement in business will take place at the beginning of the Chinese new year, February 17. The mills in Japan are still operating under the restriction of output agreement. Yarn production and exports of cloth decreased during January, but stocks of yarn are low and prices have strengthened. Conditions in the textile situation in general are more favorable for the consumption of American cotton.

From the latest production and ginning reports it would seem that the early estimates for the 1930 crop in some of the important foreign countries were slightly too high.

Prices

Spots

The advance in cotton prices which was under way a month ago still continues. From January 16 to February 13 the advance in the Liverpool spot market for all imported growths ranged from 0.85 to 2.33 cents per pound. The advances during this period in cents per pound for the various growths were as follows: Egyptian Sakellaridis, 2.33; Egyptian Uppers, 1.32; Indian Sind, 1.05; Peruvian Tanguis, 0.99; Brazilian, Ceara and Sao Paulo, and American middling, 0.89; and Indian Oomra No. 1, 0.85. From this it would seem that the price of American relative to foreign growths is more favorable than a month ago for the consumption of American cotton.

American middling spot cotton in the ten designated markets advanced from 9.29 cents per pound to 10.14 cents or 0.85 cents from January 16 to February 13, which was about the same as the advance in the Liverpool market.

The average price in these markets for the month of January was 9.37 cents compared with 9.16 cents for December and 16.56 cents during January, 1930. The average price received by producers in the United States on January 15 was 8.6 cents per pound compared with 8.7 cents in December and 15.8 cents per pound on the 15th of January, 1930.

Relative price of American and competitive cotton 1/

Prior to the advance of prices of American cotton in the last half of January, both Indian and Egyptian Uppers had been showing a tendency to become higher priced in comparison with American; indexes based on quotations for the last Friday before the middle of the month at Bremen show that Indian average of Sind, Oomra, Broach, and Punjab rose from 76 per cent of American cotton in December to 81 in January, the highest January figure since 1928 and the highest relationship of Indian to American since June 1928. If this relationship continues for any length of time, it should have some influence on the relative amounts of Indian and American cotton consumed in 1931, judging from the relationship between relative prices and the tendency of consumption in recent years.

This relationship, however, appears to have become less favorable for American in the last half of January as result of the upward turn taken by American quotations, and it is of interest to note that spinner buying of Indian was immediately reported improved. This development might indicate that the present outlook favors a narrow spread between Indian and American staples. It is pointed out by trade observers that the prospects for some improvement of the political situation in India as a result of the Round Table Conference in London foreshadow, a relaxation of the boycott movement against British cotton goods and a general strengthening of confidence in the business outlook in India. Such a development, of course, could hardly occur without a favorable effect upon the cotton industry nearly everywhere. The rising tendency of prices of Indian cotton in relation to American in December and early in January appears to have been based partially upon this interpretation of Indian developments at a time when the American market was weak. The decrease in the visible supply of Indian cotton, however, was probably the principal factor lending strength to Indian cotton.

The relative price of Egyptian Uppers at Liverpool in comparison with American strict middling 1-1/16 inch at Bremen also increased considerably in January, to 96 as compared with 93 in December. The index figure of 93 for December, however, was the lowest in the past five years, and in only one other month in this period, namely August 1929 when it was 94, has it been lower than 96.

Futures

American futures markets rose faster than the Liverpool market from mid-December to mid-January, but in the past month the Liverpool market has made up this loss so that the gain from December 15 to February 13 has been about the same in Liverpool, New York, and New Orleans.

1/ Based on report dated February 6, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable of February 16.

From January 14 to February 13 the rise in futures prices for the active months was 1.14 to 1.18 cents at Liverpool, 0.77 to 0.94 at New Orleans, and 0.75 to 0.95 at New York. July and October contracts made slightly greater advances than did March and May contracts.

Stocks and Movements

World visible supply

The total visible supply on February 13, 1931 was about 9,900,000 running bales compared with 8,080,000 and 7,444,000 at the corresponding dates in 1930 and 1929, according to the Commercial and Financial Chronicle. Of this total on January 13 this year 7,420,000 bales were American and 2,481,000 were foreign whereas last year 5,372,000 were American and 2,708,000 were foreign, and at this time in 1929, 5,276,000 bales were American and 2,168,000 bales were foreign. Stocks of American cotton in Liverpool and Manchester at this time were about 87,000 bales above last year, but about 193,000 below 1929. Continental stocks of American cotton were about 90,000 bales above 1930 and 10,000 bales below 1929. American afloat for Europe on February 13, 1931 amounting to 200,000 bales was 162,000 bales below a year earlier. The greatest increase in the visible supply of American continues to be in the United States. Port stocks at this time are about 1,758,000 bales above last year.

The smaller visible supply of foreign cotton was due largely to the decrease in stocks of Indian cotton at Bombay. The stocks of Egyptian in Alexandria continue well above last year.

Exports of domestic cotton

Exports of raw cotton from the United States in January amounted to about 533,000 running bales, or about 196,000 bales below January, 1930, according to the Bureau of the Census. Exports to Japan were above last year. Exports for the season to the end of January totaled 4,479,000 bales or about 412,000 bales below last season. France was the only important country for which exports from the United States for the first half of the season were above the corresponding period in the 1929-30 season.

Exports of foreign cotton

Exports of raw cotton from India from August 1 to February 12 this season were 1,759,000 bales according to the Commercial and Financial Chronicle. This was 159,000 bales above last season. The increase over last year was due to larger exports to Great Britain and to Japan and China. Exports to the Continent were about 128,000 bales less than last year.

Exports from Alexandria for this season to February 11 total 491,000 bales compared with 567,000 and 639,000 bales in the corresponding periods of the 1929-30 and 1928-29 seasons. Exports to the Continent and India so far this season have been above those last season and the season before.

Into sight, port receipts, mill takings, etc., of American cotton

Domestic cotton moving into sight in January amounted to about 729,000 bales according to a report from the New Orleans Cotton Exchange. This was 111,000 bales below January, 1930 and was the lowest for the month of January since the War. The total movement into sight the first six months this season amounted to 12,049,000 bales compared with 13,065,000 bales last season. This smaller into sight movement is no doubt due partly to the tendency of the owners of cotton to hold for better prices and partly to the smaller crop. Port receipts and stocks at ports and interior towns in the United States continue above last year while cotton moving overland to mills in the United States and Canada during January were the lowest for the month since the War.

Stocks in consuming establishments, etc.

Total cotton on hand on January 31 in consuming establishments this year was 1,613,000 bales or 212,000 bales above a year earlier. Stocks of foreign cotton in these establishments were slightly below last year. Raw cotton in public storage and at compresses in the United States on January 31 which amounted to 7,939,000 bales was an increase of 2,535,000 bales over last year. This increase in the total stocks was likewise due to the increase in domestic cotton, as stocks of foreign cotton make up a very small portion of the total and were below a year ago.

Continental spinner takings

Continental spinner takings of American cotton during the four weeks ended January 23 amounted to only 274,000 bales as against 406,000 in the same period last year and 454,000 two years ago, according to Agricultural Attache Steere. An increase in takings has been expected, and reports for the last week of January indicate that this has actually taken place, but it still remains to be seen whether the improvement will continue long enough to make for any substantial rise over the period of a month. The usual seasonal tendency for takings is slightly downward in this part of the season.

Textile Situation

United States

The increase of mill consumption during January which amounted to about 48,000 bales was less than the average increase for the ten years 1920-21 to 1929-30. The January consumption was 102,000 bales above last August whereas during the past ten years January has averaged 125,000 bales above August. The monthly rate of consumption for the six months ended January 31 was 411,000 bales compared with 552,000 bales during the same period a year earlier.

The domestic consumption of raw cotton during January amounted to 454,000 running bales compared with 406,000 bales during December, 576,000 bales during January, 1930 and 352,000 during August, 1930, according to the Bureau of the Census. This increase in January over December of 48,000 bales compares with an average increase during the past ten years of 65,000 bales. The daily rate of consumption for January was approximately 2,400 bales above the December level and 4,300 bales above the low average during August. The total consumption during the first six months this season was about 2,466,000 bales compared with 3,314,000 bales during the same period last season.

The weekly average of production, sales and shipments of standard cotton cloth during January showed substantial increases over December which resulted in the decrease of 2.3 per cent in stocks on hand and an increase of 9.9 per cent in unfilled orders during the month of January. The weekly average of production during January was 50.5 million yards compared with 46.8 million yards during December or an increase of 3.7 million yards whereas during the three years 1927-28 to 1929-30 the increase has averaged only 0.8 million yards. Shipments during January also increased more than the average increase during the past three years, the weekly average amounting to 52.6 million yards compared with 45.4 million yards during December. This was an increase of 7.2 million yards whereas the three year average increase amounted to 4.6 million yards. The ratio of shipments to production in January was 104.2 per cent whereas in December it was 97.0 per cent and during January 1928, 1929, and 1930 averaged 97.6 per cent. Sales of cotton cloth during January as compared with December showed a very substantial increase and were slightly above January last year. It should be remembered, however, that the sales during December were unusually low. The weekly average in January amounted to 59.8 million yards, 23.3 million yards above December, 14.0 million yards above November, and 1.4 million yards above January 1930. The ratio of sales to production during January was 118.3 per cent compared with 78.0 per cent during December and a 3-year average of 82.7 per cent.

Great Britain

The textile situation in Great Britain has improved some with the ending of the lock-out on February 14. The lock-out which took place during the week of January 19 and involved some 180,000 to 250,000 weavers was brought to an end by the manufacturers, and operatives began work Monday, February 16 at the same terms as existed before the lock-out. The trouble started when the weavers refused to accept the manufacturers plan for operating more looms per weaver. The plan called for the operation of about eight looms per weaver, whereas at present the usual number is about four looms per weaver. According to the new plan the operatives would have received higher wages per person, but the objection was made to a reduction in the number of weavers employed.

Exports of cotton piece goods in Great Britain in January amounted to 155.6 million yards, an increase of 25.4 million yards over December and compares with an average increase for the ten years 1920-21 to 1929-30 of 30.5 million yards. Total exports for the six months ended January amounted to 877.1 million yards compared with 1,695.4 million yards during the same period a year ago and 1,974.8 million yards during this period in 1928-29. This is a decrease of 48.3 per cent from 1929-30 and 55.6 per cent from 1928-29.

Exports of cotton yarn in January amounting to 11.3 million pounds was 0.3 million pounds below December, 1.9 million pounds below January 1930 and 2.6 million pounds below the 10-year average for January. During the past ten years January has averaged about 0.4 million pounds above December. Exports for the first six months this season totaled 64.9 million pounds compared with 79.2 million pounds in the same period last season or a decrease of 18.1 per cent.

The low exports of piece goods reflect mostly the falling off in trade with the Orient, due to the Indian boycott and the decline in silver, although the exports to other countries are also low because of depressions. The low exports of cotton yarn reflect the textile conditions in Continental Europe mostly.

Continental Europe 1/

The slight rise in raw cotton prices during January was not reflected on the Continent in any improvement in sales or in general conditions in the industry, but the continued rise has quickened buying and price fixing. The position of the cotton textile industry continues very unsatisfactory practically everywhere on the Continent. The generally firmer tendency of raw material prices, however, appears to have brought a slightly better sentiment as to the future outlook.

New business in cotton yarn and fabrics continued the object of much complaint throughout January in all the leading continental cotton textile countries, including France. Only the Spanish and the small but well protected Hungarian and Yugoslavian centers continued to enjoy anything like favorable conditions. Business elsewhere left much to be desired, with new bookings consisting only of small purchases for early delivery. The net result was a further decline in the volume of unfilled orders on hand in most countries, but notably in Central Europe. The idleness of 700,000 looms in the Lancashire district, as a result of labor troubles, was expected to lead to some pick-up in orders for cloth mills on the Continent, especially in Germany, but so far this development has not appeared, apparently because of the large stocks of cloth held in Lancashire. New business being booked by both spinners and weavers in France appears to continue a little better than in the other important countries on the Continent, but, nevertheless, has been very quiet. The cloth mills have done a little more business at the close of the month.

1/ Based on report dated February 6, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable February 16.

Continued unsatisfactory business in yarn and fabrics resulted in some further restriction in activity and output in both spinning and weaving mills during January for the Continent taken as a whole. Figures recently available indicate that the general level of mill operations in Central Europe rose slightly in December in comparison with November, chiefly for seasonal reasons, but subsequent changes have unquestionably brought curtailment. Present levels of activity in Western and Southern, as well as Central Europe, are much below what can be regarded as normal operating activity for the years since the industry has regained more stable conditions following the war and inflation. Production is clearly below the rate of consumption of cotton textile goods.

January purchases of raw cotton by spinners were generally limited for the month as a whole, though some activity developed during the first part of the month, following the period of holiday inactivity. January price fixing was also limited and c.i.f. merchants' import purchases were generally confined to occasional bargain sales. End of the month reports, however, indicated increased interest for both Indian and Egyptian cotton, and bargain lots of South American growths were also readily taken by continental spinners. Contrary to the usual tendency of buying interest to revive when raw material prices show strength, the slight but general rise in raw material quotations during January did not bring out any noticeable buying activity in the past month, though it appears to have created generally better feeling in the trade and the textile industry. Extreme caution in buying has become so ingrained and universal since 1929 that more evidence of market strength appears necessary to uncover real demand. Later reports indicate that the sustained rise in price is now resulting in increased buying and price fixing by continental spinners.

Germany

The German cotton textile situation remained extremely unsatisfactory well into January, with general complaint from spinners and weavers, both as to volume of new business being booked and as to prices obtained. Some seasonal improvement in cloth sales is now evident but the extent and duration of the improvement cannot be foretold. For some time there have been complaints that further restrictions in activity are unavoidable unless early improvement in the flow of new business materializes.

Spinner reports for December and January indicate that sales effected were generally of small volume and mostly for immediate delivery, with practically nothing being sold for more than a couple of weeks ahead. Unfilled orders on the books of the spinning mills appear to have undergone further reduction, with the competitive situation indicated as so keen that prices must be considered unsatisfactory notwithstanding the low level of raw material prices. German spinning mill activity increased somewhat from November to December for seasonal reasons, but January is believed to have brought a decline.

As a result of the continued unsatisfactory distributor demand for cotton mill output, German spinner demand for raw cotton, particularly American, has been very irregular during January, in spite of the revival in cotton prices. A slight pick-up in spinner inquiry developed during the first part of January, both for prompt delivery and delivery in the first quarter of 1931, but following the middle of the month spinner purchases of American cotton slackened off, though Indian staples continued in some demand for prompt delivery, and lower quality Egyptian appeared to find fairly active interest. Later, spinners generally showed somewhat more interest for prompt and near deliveries of all growths, a revival chiefly attributable to the rising tendency of the raw market. At the close of the month quietness again ruled for American cotton, although the demand for Egyptian and Indian became somewhat more satisfactory, even though turnover was not of any great volume. Bremen merchant purchases for import, c.i.f., however, remained very quiet throughout the entire month and spot business also showed little activity in Bremen during January.

The steady falling off in activity and earnings in the German cotton textile industry indicated in reports in the past two years has been clearly confirmed by statistics on the dividend declarations recently issued for 87 German cotton textile concerns for the years 1927, 1928 and 1929. As the dividends were actually declared late in the following year, allowance should be made for the tendency of operations during this period, which means that the dividends declared reflect to a considerable extent conditions developing subsequent to the dividend year itself. The data for 1929, for example, appear to reflect conditions of 1930 more than those of 1929. The increase in the number of textile concerns paying no dividends at all is striking, particularly among firms engaged entirely in spinning or entirely in weaving. Plants performing both operations appear to have shown considerably more ability to compete under the severe conditions which have developed since 1927.

Table 1.- Dividends paid by 87 German cotton companies

Number and kind of companies	Average percentage dividend paid			Companies paying no dividend		
	1927	1928	1929	1927	1928	1929
	Per cent	Per cent	Per cent	Number	Number	Number
23 Spinner-Weavers	10.4	5.0	3.2	3	9	14
34 Spinners	9.8	6.00	2.5	7	20	27
30 Weavers	7.8	3.1	0.5	15	27	28

The outlook for the textile industry in Germany is also being rendered uncertain by the campaigns now underway to bring about a reduction in prices and wages throughout the country, as this immediately raises the prospect of labor difficulty. Wage reductions have been effected in various mills already, and a number of disputes are now in progress, so it is not impossible that bothersome labor trouble may develop.

The Western German Course Cotton Spinner's Association is preparing to cooperate closer through price conventions, uniform production restrictions and association premiums for exported goods, similar to those in the iron industry.

Czechoslovakia

The cotton textile situation in Czechoslovakia also remained very unsatisfactory throughout January, according to trade reports. It is indicated that incoming orders for the mills are entirely inadequate to keep them occupied at an acceptable level. Reports state that activity has declined in December and January, after a rise in mill operations from 84 per cent of single shift capacity in October to 89 per cent in November following some seasonal pick-up in orders in the fall. Improvement in sales is needed if the downward tendency of mill operations is to be halted.

The less favorable reports from the cotton industry in the past months appear to be at least partially due to the termination of the Czechoslovakian-Hungarian trade treaty on December 15, 1930. Both spinners and weavers claim that business with Hungary is exceedingly difficult to do under present conditions. Labor troubles are also beginning to threaten the industry. Wage disputes and negotiations looking to the reduction of wages are reported going on in Czechoslovakia, with prospects that difficulties may develop in some centers. The textile associations have requested that the Government advance the placing of its orders for textile deliveries on state account, in order to assist the industry in bridging over the present period of unsatisfactory conditions.

The difficulties experienced by the industry have also led to revival of interest in the setting up of the spinners' price cartel which was discontinued last autumn after a short period of operation. It is announced that negotiations to this end will be taken up in February, but considerable doubt is expressed as to the likelihood of achieving anything tangible. In this connection, it is recalled that the so-called Central European Export Convention between Czechoslovakia, Austria, Italy and Hungary, which was once planned, has never been realized. It had been expected that this convention would succeed in some regulation of export prices and particularly the extension of credit for sales to the Balkan countries. Failure to come to an agreement is attributed to Italy's refusal to enter the convention because of a desire to retain a free hand in the development of trade relations with the Balkan countries.

Austria

Reports from both the spinning and weaving branches of the cotton textile industry in Austria continue very pessimistic, though some slight improvement in sales to Hungary has been experienced by Austrian mills as a result of the Czechoslovakian-Hungarian tariff difficulty. Austria seems likely to benefit to some extent as long as the two countries continue on a non-treaty basis, though this possibility does not seem to give much encouragement to Austrian textile circles, judging from the pessimism of current reports.

Reports on Austrian textile conditions should always be considered in the light of the fact that the production capacity of the Austrian textile industry has been tending downward in recent years because of the surplus of spindlage in relation to the looms within the country and because of the lack of up-to-date equipment and management in the cloth mills. About a quarter of the looms in place are said to be idle because of inability to make a profit, although consumptive requirements for cloth in Austria far exceed the capacity of the cloth mills, and despite tariff protection that should be adequate. The situation is one calling for radical changes before the Austrian cotton textile industry can be placed on a sound basis.

The annual spinners' report for Austria indicates that 1930 exports of cotton yarn were 40 per cent below those of 1929 and total 1930 sales of cotton yarn 27 per cent below 1929. Total cloth production in 1930 was 30 per cent below 1929. The report indicated the probability of further restriction of domestic production in 1931. On the other hand, it appears that mill stocks of cotton yarn in 1930 averaged about 25 per cent below the average for 1929. This fact would doubtless be reflected promptly in a revival of spinning and weaving mill activity should consumer and trade demand improve in connection with an upward turn in the general business situation.

France

French cotton spinners and weavers reported rather slack business in yarn and fabrics during January, at least when compared with previous months. Unfilled orders appeared reduced and mill activity somewhat curtailed, with further curtailment in prospect in the immediate future. The outlook in France, therefore, is somewhat tinged with pessimism, though current conditions are still satisfactory enough in comparison with the situation in Central Europe.

Reports on the spinning section for the early part of January indicate that the yarn market at Roubaix was very quiet, with sales in Normandy also unsatisfactory, though the latter region felt some slight improvement toward the end of the month. Mill activity was slightly reduced in January in both the North and in Normandy, as well as in some of the eastern regions, and will apparently be further reduced during February. In Normandy and in the Vosges, the organized stoppage amounts to 8-12 hours a week and is somewhat more in the North. The stoppage has made it possible to do away with some of the second shifts, however, and, in this way, is tending to prevent unsound accumulation of yarn stocks.

New business of the French cloth mills was also very quiet throughout January, with some pick-up toward the end of the month as a result of a somewhat improved export position based on better reports from Algeria and other Africa. Madagascar and Indo-China remained unsatisfactory buyers. Generally speaking, the weaving situation in France seems to be slightly improved over December as far as new business is concerned, but activity was slightly reduced, with the Rouen cloth mills having organized a stoppage of 12 hours a week.

Spinner demand for raw cotton, as well as French trade demand remained rather quiet through the month, with some improvement toward the end because of the rise in the raw market. Around the middle of the month, it was reported that spinners were giving preference to Indian cotton for new purchases. Price-fixing toward the end of the month, stimulated by slightly rising raw cotton quotations, assumed somewhat larger proportions.

Italy

No significant changes have occurred in the Italian cotton mill situation during the last month or two, with spinning mill activity about unchanged at around 70 per cent of capacity or about 25 per cent below levels at the same time in 1929 and 1928, and with weaving mill activity about 20 per cent below those years.

New sales of cotton yarn remain somewhat below the current level of production, but the deficiency is smaller than at the same time last year. Yarn stocks are still about 30 per cent above last year and unfilled orders on hand in the spinning mills much below levels at the same time in 1930. Spinners supplies of raw cotton and contracts on hand are still small and merchant and spinner demand for spot and c.i.f., cotton has been rather quiet, but the continued improvement in prices is now causing increased buying and price fixing.

The active wage reduction campaign going on in Italy has also affected the cotton industry, as the wage reduction of 8 per cent as of December 1 applied to all Italian industries.

Belgium

Belgium spinners and weavers also continue to report unsatisfactory conditions in respect to new business and mill activity. Stoppage is reported to average 25-50 per cent of capacity. Spinning activity, however, is being better sustained than weaving activity as the weaving mills have not only suffered from the general economic crisis but have also lost much of their export business, notably to South America and the Near East.

Holland

The cotton situation in Holland still seems well sustained on the whole, but, in view of the reduced orders in weaving mills, it appears that conditions may grow worse for spinners, and general curtailment may occur.

The report of the Dutch spinning and weaving mills to the International Federation at Manchester for the fourth quarter of 1930 states that the demand experienced in the spinning section proved small, and that spinners find it difficult to dispose of their production. A little short-

time is observed in some of the mills, but most of them are still able to sell full or nearly full output, though with difficulties, and only at price sacrifices. The weaving mills are also in a worse situation than in the third quarter of 1930, with export mills finding it very difficult to sell their output, and having in many cases reduced production. Unfilled orders on hand in the weaving mills, for export as well as for the domestic market, are reported much smaller than last year. Activity of the cloth mills working for the domestic market is reported considerably reduced or about 20 per cent below normal operation.

Poland

Reports on January textile developments in Poland are still lacking, but the situation is not thought to have undergone material change since December, though probably continuing the less favorable tendency.

Polish spinners' sales of cotton yarn during December were smaller than actual production, and yarn stocks consequently increased again. In January sales were about equal to production with stocks unchanged. The demand for finished goods has not proved equal to expectations, and the mills again reported the accumulation of considerable stocks, especially of winter goods which may prove difficult to dispose of during the remainder of the season. On the other hand, the wholesale and retail trades are reported to have hardly any stocks, which balances, at least to some extent, the increase observed at the mills. As the spinners trust practically ceased to exist on December 31, 1930, because of the failure to obtain adherence to the agreement by a sufficient number of spindles, the control of production exercised by that body has been lost, a fact which may have quite an unfavorable effect upon Polish cotton textile conditions, at least for a time. It is regarded as not unlikely, however, that forced reorganization of the trust will be brought about through a policy of over-production and depression of the market by the large and financially stronger mills, whose owners are indicated to be desirous of bringing the smaller units into the agreement.

Soviet Russia

The Russian cotton textile industry showed a large increase in activity during the last three months of 1930, with a reported total production of 723,963,000 yards of cotton cloth or about 143 per cent more than in the preceding three months, when the output was sharply curtailed as a result of raw material shortage. Production during these three months (October - December), however, was still below the output of 786,298,000 yards in the corresponding months last year and the production of 762,239,000 yards two years ago. Mill activity appears to be returning to normal, as the new crop of cotton is becoming available. Shipments of cotton from the producing regions to the cotton mills are now reported fully up to plan and even somewhat above the plan since the beginning of the new procuring campaign.

China

Japanese mills in China continue to be sold out well forward and although new cotton business at present is very quiet and American supplies are quite large, importers feel that Japanese mills will be in the market again and that the monthly rate of consumption of fully 20,000 bales of American cotton will be maintained for this crop year. Chinese mills report slow yarn business and some accumulation of stocks according to a cable from Agricultural Commissioner Nyhus at Shanghai. The mills, however, are still running at full capacity with the expectation of an improvement in business at the beginning of the Chinese new year, February 17. A consolidated tax on cotton yarn which is to be collected at the mills went into effect February 1. This tax was to take the place of various internal transit duties which were in effect up to that time. The administration of the tax is a source of great disturbance. The tax on yarns below 23 counts at the present rate of exchange is about $1.75 per bale of 400 pounds or a little over 0.4 cent per pound and for counts above 23 is $2.38 per bale or 0.6 cent per pound.

Prices of Chinese cotton have continued to advance during the past month, largely due to the lower silver exchange and the expectation of a shortage in the supplies of Chinese cotton. The price advances in India combined with the lower silver exchange makes it no longer possible for Indian cotton to be delivered in China at prices below Chinese cotton and as a result some orders for Indian cotton have been canceled and exports for the week ended February 12 from India to Japan and China were less than 1,000 bales compared with 63,000 bales during the corresponding week last year. The unprecedentedly low exchange has brought about relatively high prices for American cotton and without corresponding advances of high count yarns the consumption of American cotton may be curtailed.

Japan

The Japanese mills are still operating under the agreement to restrict output which calls for a nominal curtailment of about 34 per cent or an actual curtailment of about 30 per cent, according to Consul Dickover at Kobe. This curtailment has brought about an artificial scarcity of yarns and as a result yarn prices are unnaturally high. Independent weavers are complaining and there is some importation of cheaper Chinese yarns. These and other factors are expected to result in a change in the actual curtailment to about 26.5 per cent to become effective April 1, 1931 and a further removal of the restriction effective July 1, 1931. Yarn production in January amounted to about 80.3 million pounds compared with 84.4 million pounds in December. Exports of cotton cloth during January totaled 124.0 million square yards or about 4.0 million yards below December.

Consumption of American cotton in Japan during the last four months of 1930 amounted to about 74,000 bales monthly, but several conditions favor a monthly consumption of at least 80,000 bales for the balance of the crop year ending August 30, 1931. The parity between American and Indian cotton prices favors the use of American and therefore the mills will probably use more than the usual percentage of American cotton in mixtures for medium count yarns. The more profitable prices for medium count yarns than for coarse yarns is another factor favoring the consumption of American cotton. The consumption of American cotton for the crop year is estimated at about 1,000,000 bales. Mills continue to import American cotton on a hand to mouth basis and January

imports of American, which totaled about 98,000 bales, were only slightly more than the estimated consumption. Arrivals of Indian cotton have been more liberal, but there is a scarcity of both Indian and American spot cotton. The visible stocks of American cotton at the end of January totaled about 124,000 bales compared with 208,000 bales last year and 260,000 bales at the end of January, 1929 and the visible stocks of all cotton are similarly low.

Production, acreage and crop condition reports

United States

Production - Ginnings of domestic cotton prior to January 16, 1931 amounted to 13,592,000 running bales compared with 14,177,000 to the same date in 1930 according to the Bureau of the Census. Ginnings therefore, so far this season were 95.9 per cent of the ginnings to the same date last year. The estimated production this season of 14,243,000 bales is 96.1 per cent of the final estimate for the 1929 crop. The States of Arkansas, Mississippi, Oklahoma, and Tennessee showed the greatest decreases in ginnings this year as compared with last year. In South Carolina, Georgia, and Alabama, the ginnings were considerably above last season.

Quality of the crop - The quality of the 1930 crop is still running considerably better than the 1929 crop. The percentage of the crop ginned prior to January 16 which was untenderable in staple (under 7/8 inch) amounted to 12.8 compared with 19.3 last season. There was a smaller proportion of cotton 1-1/8 inches and longer in staple this year than last, about the same percentage of 7/8 to 29/32, but a considerably larger proportion of 15/16 to 1-1/32 inches. The grade of the 1930 crop has also been running better than that of the 1929 crop which was largely due to the more open weather conditions this year.

India

Cotton production for India for the 1930-31 season is forecast at 4,047,000 bales of 478 pounds net according to a cable received by the Bureau of Agricultural Economics on February 18 from the Indian Department of Statistics at Calcutta. This is about 98 per cent of the revised estimate at the same date last season, and about 92 per cent of the final estimate for last year. Acreage planted to cotton this season is now estimated at 23,531,000 acres, or 94 per cent of the revised estimate of the same date last season and 92 per cent of the final acreage estimate.

The production of cotton in the Provinces of Punjab and Madras, India, was estimated on February 11 at 627,000 bales of 478 pounds net and 351,000 bales, respectively. This is a decrease of 32,000 bales or 5 per cent under the final estimate of the crop in Punjab last season and 23,000 bales or 4 per cent under the estimate at this time last year. Since 1920 the crop in Punjab has been about 13 per cent of the total Indian crop with a range of from 7 per cent to 16 per cent.

There is a decrease in Madras of 75,000 bales or 18 per cent under the final estimate of last season and 78,000 bales less than the estimate at this same date last year. For the past ten years the production in Madras has been about 9 per cent of the total crop with a range of from 8 per cent to 10 per cent.

Egypt

It is estimated that 1,106,000 bales of 478 pounds net were ginned in Egypt up to February 1 according to a cable received from the International Institute of Agriculture at Rome. This is a decrease of 139,000 bales or 11 per cent from the ginnings to the same date last season and is 213,000 bales or 16 per cent below that ginned up to February 1, 1929. The latest estimated production for the 1930-31 crop, however, was only 1.6 per cent below the 1929 production and is slightly above the 1928-29 crop. This would seem to indicate that the production forecast is too high or a considerable portion of the crop is being left in the field because of the low prices. Of the total ginnings to February 1 this year 270,000 bales were of the Sakellaridis variety. This is 103,000 bales or 28 per cent less than the ginnings to the same date last year and 140,000 bales or 34 per cent less than ginned by February 1, two years ago.

Miscellaneous news

Cotton price investigation

The joint resolution S. J. Res. 195 by Senator Sheppard which passed the Senate in December, 1930 and was sent to the House Committee was approved by that committee in the last week in January. This resolution, it will be remembered, provides for the authorization of the Secretary of Agriculture through the Grain Futures Administration to investigate the cause of the declines in the price of cotton in 1926, 1927, 1928, 1929, 1930 and provides for an appropriation of $125,000 for the investigation.

New uses propaganda

An exhibit illustrating the new uses activities of the Cotton Textile Institute has already traveled more than 5,300 miles throughout Europe and on January 31 was on the way to Egypt to be displayed by the Royal Agricultural Society during February, according to the Cotton Trade Journal, January 31, 1931. From Egypt the exhibit will go to Switzerland. In England and Germany according to the report organized promotional activities have taken place following the display of the exhibit.

According to the press the women students of the University of Missouri have adopted a resolution favoring spring wardrobes, including stockings, of cotton.

Egyptian Government cotton policy

Egyptian spinners meeting in Cairo recommended that the Egyptian Government sell each day a fixed quantity of the cotton which it now holds, according to a cable received from P. K. Norris, cotton specialist of the Bureau of Agricultural Economics at Cairo. They further recommend that this quantity be sold regardless of price and that the sales begin at the close of the present season.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-68 WORLD COTTON PROSPECTS March 26, 1931

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SUMMARY

The price of American cotton rose to a level about 2 cents per pound above the low point of December 15 by the first week of March, but on March 20 it was about one-half cent below the peak of March 4. The movement of prices for other growths was somewhat in line with the prices for American. With the upward movement of prices there was increased buying and price-fixing which continued fairly well throughout February, but with the decline in prices in early March there has been some relaxation.

The world visible supply of all cottons on March 13, 1931, was about 2,163,000 bales above the supply on the corresponding date last year and the visible supply of American cotton was about 2,330,000 bales more than last year. The decrease in the visible supply of all growths from February 13 to March 13 this year was 105,000 bales compared with a decrease last year of 448,000 bales. The same comparison for American shows a decrease of 230,000 and 512,000 bales, respectively, for this year and last.

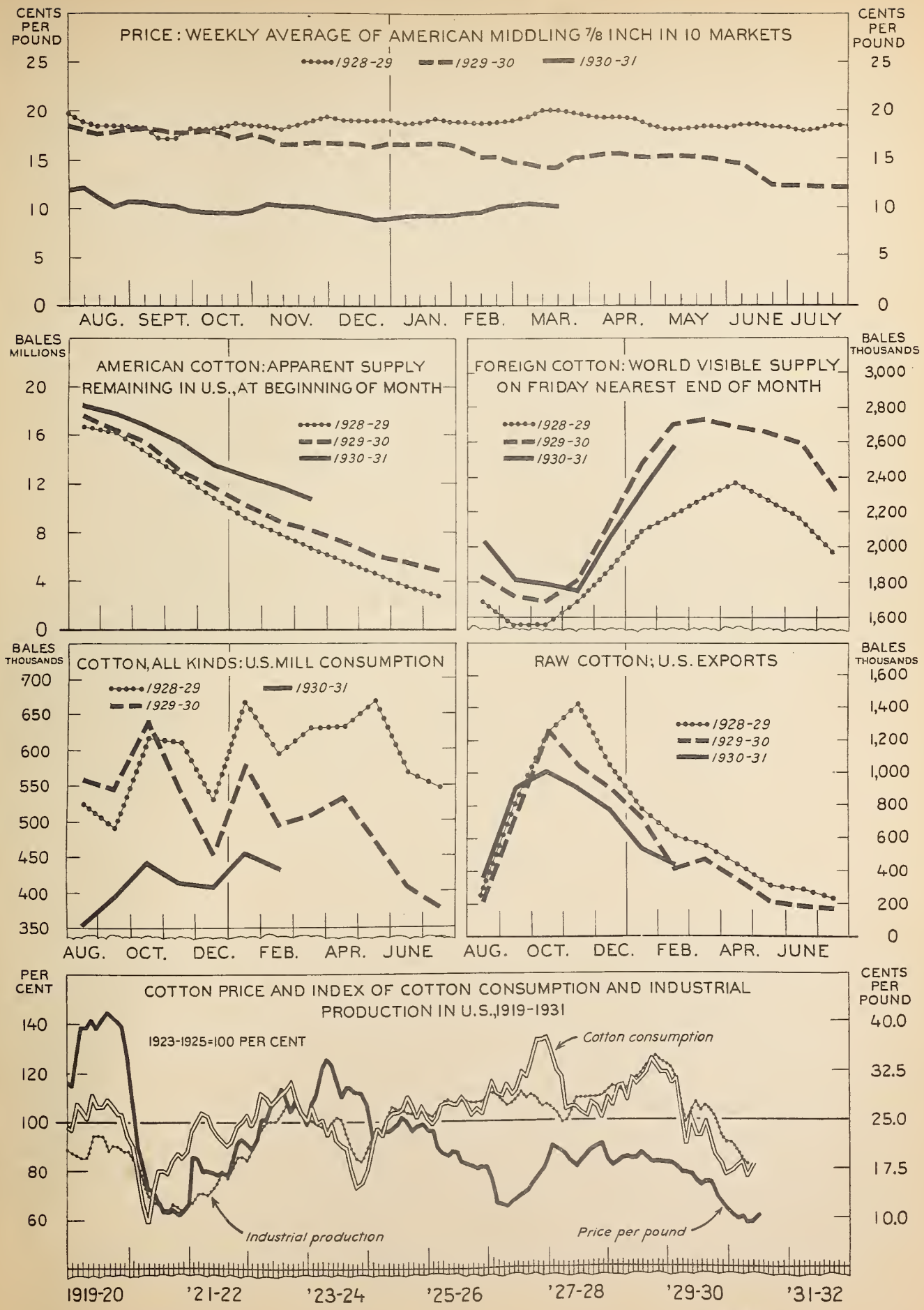
In February exports exceeded those for February, 1930, by 31,000 bales, but for the season to the end of February, exports were 389,000 bales below the first seven months last season.

Sales of cotton cloth in February were at the highest weekly average since September 1929. The increase in shipments in January and February reduced the stocks to the lowest figure since November, 1927, and the increase in sales made the total of unfilled orders the largest since December, 1929. This created considerable optimism in the industry. Apparently the

increase in sales was mostly of goods for household uses.

Better relations between Great Britain and India and the promise of elimination of the boycott on British goods in addition to the January and February strengthening in prices of raw cotton, have stimulated trade in cotton textiles abroad. At the beginning of March trade sentiment was better than it had been for a long time. Since then it has not been quite so good. Recent reports from Manchester, however, state that the yarn and cloth markets are more active and that sales to India are larger and prospects for trade with China are better. As yet there has been no material stimulus of actual business for the cotton mills of Continental Europe. In China the piece goods tariff has given encouragement to the weaving industry and more looms are being added in the fine goods mills. This has caused prices of higher count yarns to rise, which in turn has increased the interest in American cotton.

THE COTTON PICTURE



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

Prices

Spots

The general advance in cotton prices which began about the middle of December resulted in a rise of about 2 cents per pound in the markets for American cotton by March 4. The movement of prices for other growths of cotton was also upward during this period. From March 4 to March 20, however, the price of American cotton declined about one-half cent per pound and a somewhat similar decline occurred in prices of foreign cotton. With the upturn in cotton price there was a general improvement in sentiment among the cotton spinners and merchants, and, as a result, sales and price-fixing increased considerably. Of more fundamental significance, however, were the improvement in the statistical position of the cotton cloth industry in the United States, and the promise of the elimination of the Indian boycott on British goods, which created some optimism in the British cotton textile industry. The lack of a substantial pick-up in textile activity throughout the world, and the continued low level of activity in most other lines of industry, were important factors influencing the movement of prices since March 4.

From February 20 to March 20 there were net declines in the Liverpool cotton market for all imported growths except Egyptian Sakellaridis and Peruvian Tanguis which made slight advances. The change in prices at Liverpool of the important growths from February 20 to March 20 in cents per pound were as follows:

Peruvian Tanguis	+ 0.02
Egyptian Sakellaridis	+ 0.20
Egyptian Uppers	- 0.14
Indian Oomra No. 1	- 0.20
American middling	- 0.18
Brazilian Ceara	- 0.18
Brazilian Sao Paulo	- 0.18
Peruvian Smooth	- 0.18
Indian Sind	- 0.30

The price of American middling 7/8 inch cotton at the ten spot markets rose from the low point of 8.58 cents per pound made on December 15 to 10.56 cents on March 4. After March 4 there was a gradual decline to 9.97 cents per pound on March 13 recovering to 10.08 cents on March 20. For the week ended March 14, the weekly average was 10.05 cents compared with 10.44 cents per pound the previous week. The average price for the week ended March 15, 1930 was 14.18 cents per pound. The average price of American middling at ten markets during February was 10.12 cents and compares with 9.37 cents in January, 9.16 in December and 15.11 cents in February, 1930. The average price received by producers in the United States in February was 9.1 cents per pound, or 0.5 cents per pound above January, 0.4 cents above December and compares with an average price of 14.8 cents in February, 1930.

Stocks and Movements

Apparent supply of American cotton in United States

The apparent supply of American cotton remaining in the United States as of March 1, 1931 totaled 10,552,000 bales compared with 8,038,000 bales a year earlier and 6,845,000 bales on March 1, 1929. The decrease in this apparent supply from February 1 to March 1 this year was 1,156,000 bales compared with a decrease last year of 967,000 bales. The greater decrease in the apparent supply this year was due to the decrease of 313,000 bales in the final ginnings figures from the December estimate of production, since domestic consumption in February was lower than last year and exports were only slightly higher.

World visible supply

The world visible supply of all cottons on March 13 totaled 9,795,000 running bales according to the Commercial and Financial Chronicle. This compares with 7,632,000 on the corresponding day last year. The visible supply of American cotton on this date was 7,190,000 bales and compares with a total of 4,860,000 bales a year earlier. The world visible supply of foreign cotton on March 13 amounted to 2,605,000 bales compared with 2,772,000 bales a year earlier. The visible supply of all growths was 2,163,000 bales above last year while the visible supply of American was 2,330,000 bales higher than a year earlier. There was a decrease in the total visible supply of all cotton from February 13 to March 13 of 105,000 bales compared with a decrease of 448,000 bales during this period last year. The decrease in the visible supply of American cotton for the month amounted to 230,000 bales this year compared with a decrease of 512,000 bales during the same period last year. No particular change has taken place in the location of the visible supply either of American or foreign cottons.

Exports of domestic cotton

Domestic exports during February amounted to about 433,000 running bales compared with 402,000 bales in February, 1930 and 613,000 bales during February, 1929, according to the Bureau of the Census. This was the first month since last September in which exports exceeded those during the corresponding month the previous year. This brought the total exports for the season to 4,904,000 bales which was 389,000 bales below exports to the end of February, 1930. Exports to France during February were above last year as has been the case during five of the seven months so far this season. Exports to Japan during February amounted to 96,000 bales and were about 42,000 bales above February, 1930. For January exports to Japan were also above the previous year so that the total to Japan so far this season is now only 58,000 bales below last year. Comparative exports to Germany during February also showed improvement, but only about 2,000 bales below February, 1930 whereas during January they were about 66,000 bales below the corresponding month the previous year.

Exports of foreign cotton

For the week ended March 12 there were 83,000 running bales of cotton exported from India compared with 49,000 bales during the corresponding week in 1930 according to the Commercial and Financial Chronicle. Most of these exports went to the Continent although a goodly proportion went to Japan and China. From August 1 to March 12 exports from India totaled 2,211,000 bales, 229,000 bales above the 1929-30 season and 285,000 bales above this period in the 1928-29 season. Thus far this season exports to the Continent of Europe have been 141,000 bales below last season while exports to Great Britain have been 41,000 bales above last season. Exports to Japan and China have been 329,000 bales above the 1929-30 season.

Exports from Alexandria during the week ended March 11 amounted to 23,000 running bales or an increase of 8,000 bales over the same period in the 1929-30 season although for the season from August 1 to March 11 exports were about 56,000 bales below the corresponding period the previous season. Exports listed by the Commercial and Financial Chronicle as going to the Continent and India is the only group showing an increase over last season.

Stocks in consuming establishments, etc.

At the end of February, 1931 stocks on hand in United States consuming establishments as reported by the Bureau of the Census amounted to 1,548,000 running bales compared with 1,806,000 bales last year. All of these stocks were of American cotton with the exception of about 88,000 bales. At this time in 1930 stocks of foreign cotton in consuming establishments amounted to 101,000 bales. This decrease of only 13,000 bales in view of the fact that imports of foreign cotton this season were about 174,000 bales below last season due to the tariff, reflects the low consumption of foreign cottons. The consumption figures which show a decline of 44.3 per cent in the consumption of foreign cotton during the first seven months of this season compared with 1929-30 whereas consumption of all cotton has declined only 23.9 per cent.

Imports of foreign cotton

Domestic imports of raw cotton during February amounted to 11,000 bales compared with 24,000 in February, 1930. For the seven months August to February, imports totaled 41,000 compared with 215,000 in the corresponding period last season. It is interesting to note that during the previous six months imports from Peru amounted to only 21 bales while during the month of February alone, they amounted to 873 bales and were 621 bales above February, 1930 when there was no tariff.

Continental spinners' takings of American cotton 1/

The takings of American cotton by continental spinners for the four weeks ended about February 20, 1931, amounted to 330,000 bales or an increase of about 46,000 bales over the previous four weeks, but were 60,000 bales below the corresponding period last season. For the season from August 1 to February 20, takings of American totaled 2,178,000 bales compared with 2,602,000 and 2,867,000 for last season and the 1928-29 season. (See Table 1)

1/ Based on report dated March 5, 1931 from Agricultural Attache' L. V. Steere at Berlin.

Table 1.- Cotton, American: Continental spinners' takings, specified periods.

Four weeks ended about	1926-27	1927-28	1928-29	1929-30	1930-31
	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.
Aug. 1-Aug. 8	(62)	(89)	(131)	(121)	(52)
Sept. 5	317	431	295	232	231
Oct. 3	288	334	339	282	276
Oct. 31	457	421	427	332	333
Nov. 28	473	440	424	434	389
Dec. 26	544	475	436	415	313
Jan. 23	449	430	454	406	274
Feb. 20	680	440	361	380	320
Total Aug.1-Feb.20	3,270	3,060	2,867	2,602	2,178
Mar. 20	539	386	477	364	
Apr. 17	463	401	332	304	
May 15	524	420	337	256	
June 12	443	361	417	245	
July 10	516	384	304	243	
July 31 1/	253	303	143	163	
Total	(6,008)	(5,315)	(4,877)	(4,177)	

1/ Three weeks.

Textile Situation

United States

Domestic mill consumption during February amounted to 434,000 bales, compared with 454,000 during January and 494,000 during February, 1930, according to the Bureau of the Census. The daily rate of consumption was higher than in January, although considerably below February, 1930. In the ten years 1920-21 to 1929-30 consumption during February averaged about 38 thousand bales below January, whereas this year it was only 20 thousand bales below January consumption. Therefore, the textile activity in the United States during February, after adjusting for seasonal, was probably above January. The total consumption for the seven months ended February 28, 1931, amounted to 2,900,000 bales compared with 3,809,000 bales during the corresponding period last season.

The statistical position of the domestic cotton cloth industry has shown considerable improvement during January and February, according to the reports of the Association of Cotton Textile Merchants of New York. In both months shipments were above production, and sales were above shipments, resulting in a decrease in stocks and an increase in unfilled orders. At the end of February stocks were the lowest since November, 1927, and unfilled orders were the largest since December, 1929.

The production of standard cotton cloth during February showed a weekly average increase over January of about 2.5 million yards, which is practically the same as the average increase during the past three years. The weekly average of sales during February, on the other hand, showed an increase of about 21.9 million yards compared with January, and was the largest since September, 1929. During the past three seasons, 1927-28 to 1929-30, the weekly average of sales during February has been about 13.3 million yards above January, and the ratio of sales to production during these years averaged 97.7 per cent, whereas during February this year the ratio was 154.0 per cent. Shipments during February, compared with January, also increased more than average during this 3-year period. For the two months January and February, sales averaged 136 per cent of production and shipments 111 per cent of production. Stocks on hand at the end of February amounted to 319.3 yards, a decrease of 10.2 per cent during the month and were 125.8 million yards, or 28.3 per cent below the end of February, 1930. Unfilled orders at the end of February amounted to 395.8 million yards, an increase of 24.7 per cent over January and 10.0 per cent over February a year ago. It is evident that the extraordinary liquidation of stocks has been accomplished by restriction of production, and that production is now more nearly in line with demand. This improvement in the statistical position has brought about price advances in nearly all constructions and has created a considerably more optimistic feeling in the industry, although prices are still said to be at unsatisfactory levels.

Great Britain

There is still some doubt as to the elimination of the boycott by Indian leaders, but the promise of elimination, the more friendly relation existing between Great Britain and India, and the fact that distributors of goods in India apparently wish to resume trade with Great Britain probably brought about an increase in exports of piece goods to India and has created a more optimistic feeling in the British industry. Exports of British cotton goods to India show the significance of the boycott problem to the British cotton industry. For the calendar year 1928 exports of piece goods to India amounted to 42.2 per cent of the total exports from Great Britain. In 1929 the percentage going to India dropped to 40.5 per cent and during 1930, the year in which the boycott was in full operation, exports going to India represent only 34.5 per cent of the total. The quantity of piece goods exported from Great Britain to India in 1930 was only 55.7 per cent as large as the quantity exported in 1929. It is difficult to say what proportion of this decline was due to the boycott on British goods and what proportion was due to other factors, such as the depression, the decline in the price of silver and the increase in the Indian tariff. That India is the backbone of Lancashire's industry is evident from the fact that China, next largest market, took only about 5 per cent of the total piece goods exports during 1928 and 1929. In 1930 exports to China including Hong Kong amounted to only 32.6 per cent of the exports in 1929 and constituted only about 2.6 per cent of the total exports of piece goods from Great Britain. This relative decline in exports to China was due to two factors; first, to internal political disorder which upset trade and reduced the purchasing power of the people, and, second, the decline in the value of silver. Exports to countries other than India and China were 76.5 per cent as large in 1930 as in 1929. Total exports to all countries for 1930 amounted to about 65.5 per cent of the 1929 exports.

Exports of piece goods from Great Britain during February amounted to 146.3 million yards compared with 155.6 million yards in January and 299.5 million during February, 1930. Yarn exports in February which amounted to 9.3 million pounds were 2.0 million pounds below January and 2.9 million pounds below February, 1930, but were still above the low point reached last September. Recent cables from Manchester report that activity in the yarn and cloth markets has increased, that sales to India continue to increase and that prospects for trade with China are better.

In that section of the Lancashire cotton manufacturing industry which makes yarns from American cotton an interesting plan for stabilizing prices of yarn has been developing for some months. The results of a ballot to determine the attitude of the trade towards the plan was announced on February 13, according to A. R. Thomson, American Consul at Manchester. The ballot indicated that 63 per cent of the Federation's members using American cotton would be willing to support the scheme. Briefly the plan is to maintain a specified margin above the cost of clean cotton on all yarn sales and to regulate production to demand through a pool of spindle hours. The proposed plan would enable the smaller mills to enjoy some of the privileges which a large combine affords. Such a plan might eliminate destructive competition in yarn selling between the mills of this section of the industry and should work toward stabilization. However the plan does not solve the important problem of foreign competition.

Continental Europe 1/

A steady rise in raw cotton prices was the outstanding feature of cotton market developments on the Continent during February. It gave cotton merchants and spinners generally more confidence in the soundness of the market, and created a healthier sentiment on the outlook than existed for a long time past. There was no material stimulus of actual business for the cotton mills, but the industry during February was undoubtedly facing the future with more optimism. The March decline in prices, however, has been accompanied by a considerable relaxation.

Among cotton men on the Continent warning voices pointing to the generally large world stocks of cotton appear to be fully offset by the opinion that supporting strength will soon be received from the demand side. Considerable attention is being given to the effect that present prices may have on acreage and the influence that the low sales of fertilizer and a warm winter may have on yields.

Despite the improvement of cotton textile sentiment in February, sales of cotton spinners and weavers on the Continent as a whole have so far shown little improvement, though some evidence of revival has appeared at the close of the month. Reports on textile sales from France are generally better than elsewhere, but a small pick-up is also indicated in Italy, Poland, and parts of Central Europe, including Germany. Unfilled orders on hand in most countries are still indicated to be very small, however, and the new business recently booked has not been sufficient to constitute a definite change in the sales situation. Prices, moreover, continue the object of much complaint.

1/ Based on report dated March 5, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable on March 22.

Spinning and weaving mill activity has shown very little change during February, taking the Continent as a whole. If anything, operations may have averaged slightly lower in February than in January as a result of the restriction of activity in France. The local improvement reported from a few small centers in different countries was not adequate to offset curtailment effected at other points. There is, however, some ground for belief that statistics for March may show a slightly brighter picture.

Spinner purchases of raw cotton in February, notwithstanding little change in actual mill business, continued active throughout the month, with price fixing also of large volume. Spinners were particularly interested in American staples, but Indian also experienced good inquiry, and at times Egyptians, too, were in active demand. C.i.f. import buying by cotton merchants in February, moreover, assumed large proportions for the first time in many weeks. This general revival in buying interest in the absence of betterment in the actual distribution of cotton goods was a clear reflection of growth in cotton textile optimism. The March decline in cotton prices, however, has resulted in a decline in buying interest.

Germany

In Germany the cotton textile situation shows little real change, but one is inclined to regard it as slightly improved. Mill sales of yarn and fabrics have risen slightly, particularly in the Rhine district, but prices are considered inadequate. On the other hand, activity has not improved; on the contrary, the German spinners have formed a production cartel, representing 90 per cent of all spindleage, which is to organize a further curtailment of production by 10 per cent. As fine spinners (above No. 70 English) and two cylinder spindles, as well as spindles working to supply the mills' own looms, are exempted, about 60 per cent of all German cotton spindles are affected by the proposed reduction, which was to go into effect March 16 for a period of six weeks, unless prolonged. The restriction of output contemplated by this agreement is obviously not great, and, in fact, does not appear to be the primary goal of the cartel. Its main purpose appears to be to guard against an immediate or large increase in output when orders pick up, and the agreement, therefore, seems indicative of expected improvement in the situation of the industry rather than a further slump.

Czechoslovakia and Austria

In Czechoslovakia and Austria conditions are very much the same as a month ago, though there has been an active revival in spinner purchases of raw cotton and price-fixing, as was the case in Germany. Yarn and cloth sales have also improved somewhat, but are still on very low levels. Activity seems to have declined slightly because of the entire shutting-down of certain mills.

France

France, following slack January business for yarn and cloth, reported some improvement in February, when interest of weavers and the textile trade was stimulated by rising raw material prices. However, activity of the mills has continued restricted. Roubaix spinners have reduced work by 13 to 15 hours a week in many establishments, Rouen shuts down every Saturday, and it

can be said, generally, that in most districts spinners have reduced operations to a 5-day week. Spinner demand for raw cotton was active over most of February, and the same was true of price fixing.

Belgium

Spinners and weavers continue to complain of small orders and insufficient prices. Restriction of activity is now reported to average 25 to 40 per cent. Some wage disputes are in sight because of the intention of employers to reduce wages.

Italy

Italy reports a slight betterment toward the end of February with respect to new orders for yarn and goods, but the situation is still bad and activity of the mills remains low. Spinners are even considering an opportunity to organize short-time for some weeks. Demand for raw cotton and price-fixing has somewhat increased; spinners cotton stocks and cotton contracts are considered very small. There is no question that cotton mill activity has improved from the low levels in the fall of 1930, but this improvement is largely seasonal, and is of little significance as yet, as activity is still below anything in the past six years.

Poland

Poland reports slight improvement in the demand for yarns and cloth, and expects to obtain a reorganization of the spinner cartel.

Soviet Russia

The Russian cotton procuring program has dropped to a level in February which raised considerable doubt as to the possibility of realizing the entire amount called for in this year's plan. Up to February 20 procurings had reached to only 63.3 per cent of the plan whereas at the same time last year they amounted to 74.2 per cent. The plan, however, for this year is 41 per cent above last year and in view of the fact that a considerable amount of Russian cotton is being sold in Liverpool it seems unlikely that any failure of the procurings to equal the total plan will not interfere to a very great extent with the activity in the Russian cotton mills. The cotton textile production plan for the economic year 1931 provides for the manufacture of about 3.1 billion yards of fabrics or an increase of about 20 per cent over the 1930 production. The actual production in 1930 was considerably below the production plan, however, and it is probable that the 1931 plan will not be reached. It also seems probable that imports of cotton from foreign sources into Russia during 1930-31 will again show a decline from previous years. Recently published figures on total Russian imports during the Russian economic year 1929-30 which begins in October shows a decrease of 44.2 per cent from 1928-29. The decline in imports of American cotton during 1929-30 amounted to 62.3 per cent.

China

It was stated last month that the unprecedentedly low exchange rate for silver had brought about relatively high prices for American cotton, and that, without corresponding advances of high count yarns, the sales of American cotton in China might be curtailed. According to a cable from Agricultural Commissioner Nyhus dated March 14 there has been an improvement in the price of high count yarn and more interest is being shown in American cotton by Chinese owned mills. With the renewed buying of American cotton during February and early March the prospects are that takings of American cotton for the 1930-31 season will be somewhat larger than last season.

The new piece goods tariff has given encouragement to the Chinese weaving industry and more looms are being added in some of the mills, in spite of the unfavorable exchange rate. This no doubt is a factor in the advance in price of high count yarns.

Production, acreage and crop condition reports

United States

Weather - According to the Weather Bureau weather conditions during the first two weeks of the past month in the cotton belt were generally favorable for farm work with a mild, dry condition existing, especially east of the Mississippi River. For the week ended March 10, in some regions which were in need of moisture, there was substantial to heavy precipitation. In much of Texas excessive winter rains followed by high drying winds left the soil in poor condition over the eastern two-thirds of the State, additional rains during the week ended March 17, however, improved this condition.

For the three months December, January and February the precipitation for the Cotton Belt east of Texas and Oklahoma, was considerably below normal while in Texas and Oklahoma there was more than a normal amount. For those States east of Texas and Oklahoma, the percentage of normal for these three months averaged about 72 per cent, and in Alabama the average was 61 which was the lowest on record. In Texas and Oklahoma the average was 127 per cent or 27 per cent above normal.

Egypt

1,202,000 bales of cotton of 478 pounds net have been ginned in Egypt for the season up to March 1, according to a cable from the International Institute of Agriculture at Rome. This is a decrease of 214,000 bales or 15 per cent under the 1,416,000 bales ginned at the same date last season, and 228,000 bales or 16 per cent under the 1,430,000 bales ginned by March 1, 1929. Of the total ginnings to March 1 this year, 302,000 bales were of the Sakellaridis variety. This is 132,000 bales or 30 per cent less than were ginned at the same date last season and 146,000 bales or 33 per cent less than were ginned by March 1, 1929. The ginnings to March 1 of all other varieties is estimated at 901,000 bales, a decrease of 82,000 bales or 8 per cent under the quantity ginned by March 1 of 1930 and 8 per cent below 1929.

The decrease of 15 per cent or 214,000 bales from last year in the ginnings up to March 1, gives rise to some doubt of the accuracy of the latest production estimate for the 1930 crop. The estimate of production is only 2 per cent or 28,000 bales below the final estimate of the 1929 crop. Incidentally the November estimate of production in Egypt was 46,000 bales below the estimate released two months earlier. The relationship between ginnings to March 1 and the final estimates of the crops in 1928 and 1929 would indicate a crop from present ginnings about 250,000 bales below the latest estimate for 1930 of 1,697,000 bales of 478 pounds net. Of course, a slowness in ginnings could account for all of this discrepancy, but from present low prices and the reduction in the November estimate it seems reasonable to suppose that at least some further reduction may be made in subsequent estimates.

Miscellaneous news

Increased uses propaganda

In Gastonia, North Carolina there is an active movement among the various clubs as the Chamber of Commerce, women's clubs, merchants associations, and civic clubs, to promote the wearing of cotton clothing. As this county not only produces a considerable amount of cotton but has more cotton textile mills than any other county in the United States. The slogan has therefore been adopted "We Grow Cotton, We Manufacture Cotton, Let's Wear Cotton."

The first annual cotton carnival which was held in the first week of March at Memphis was, according to press reports, considered a big success. This carnival was staged by the Memphis cotton dealers, retail merchants and others interested in the welfare of the cotton industry, as a promotional feature for extending the use of cotton textiles.

As a corallary to the British Cotton Exhibition which was held on February 16-28 in London, the Lancashire retail distributors set up a permanent establishment in London for the help and guidance of British textile manufacturers, according to a report from A. R. Thomson, American Consul at Manchester. This bureau is to keep the textile products of England constantly before prospective buyers. It is felt that such a bureau would facilitate the task of the buyer whether from England or abroad, because under one roof he could examine and obtain references with regard to probably the largest collection of textile fabrics in the world.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-69 April 30, 1931

WORLD COTTON PROSPECTS

SUMMARY

The trend of cotton prices has been downward since the middle of March. American cotton for the week ended April 25 was about 0.68 cents per pound lower than in the week ended March 21. At Liverpool prices of Egyptian Sakel and Uppers declined considerably more than prices of American cotton. These price declines reflect the recent declines in the stock market and in general business conditions and the failure of the earlier improvement in the cotton trade to be entirely maintained rather than developments in world production.

Sales of cotton cloth by American mills fell off in March from the high level of February, but were still well above the low levels of November and December. Production and shipments continued to increase slightly and stocks fell to the lowest levels since October, 1927. Unfilled orders decreased slightly but except for February they were the highest since the end of March, 1930.

The decline in prices in the past month has been accompanied by a decline in sales of cotton goods by Great Britain to the Orient. On the Continent of Europe spinner and weaver sales of cotton yarn and cloth in March showed little if any improvement over February and prices are keenly competitive. Spinning and weaving mill activity, however, seemed to have shown a slight improvement over February. In Japan and China conditions are favorable to the consumption of American cotton and as a result imports of American cotton are above last year. Mill activity is picking up some in Japan, and in China the mills continue to operate at or near full capacity without excessive accumulation of stocks.

In March the apparent supply of American cotton remaining in the United States decreased faster than it did in March 1930, due to larger exports for

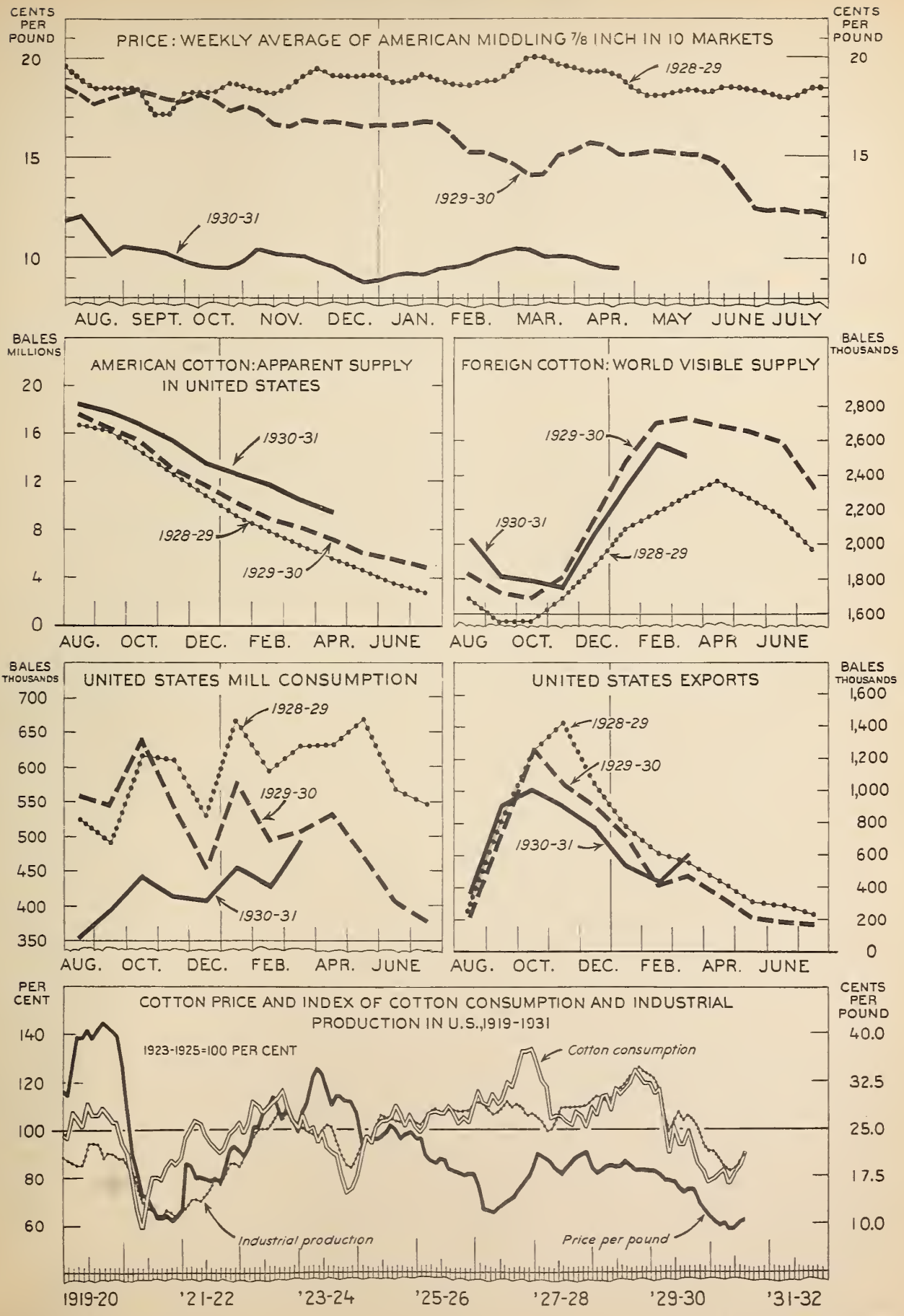
the month and almost as large a domestic consumption. Nevertheless, on April 1 the supply was still 2.4 million bales larger than it was a year earlier. Stocks of American cotton in European ports and afloat for Europe were about 300,000 bales larger in the middle of April than they were at that date last year. The world visible supply of foreign grown cottons was nearly 200,000 bales smaller in the middle of April than it was a year earlier.

Important developments have been taking place in world production. Recently it has been necessary to reduce the estimate of world production from 26.4 million bales to 25.5 million bales for 1930-31 compared with 26.3 million in 1929-30. A part of the reductions in production this year can be attributed to specific growing conditions, notably drought, that affect only this year's crop. To some extent, however, the reductions indicate that low prices are already influencing production. The greatest decrease in the 1930-31 world crop since the season began is in the United States. The highest official forecast of the 1930 crop was that of October which placed it at 14,486,000 bales. The December estimate was only 14,243,000 bales and the final ginnings report places the crop at 13,930,000 bales, 313,000 bales below the December estimate or 556,000 bales below the October forecast. The final report for the Indian crop places the crop area at 23,616,000 acres compared with a revised final estimate of 25,922,000 acres for the 1929-30 crop, and places production at 4,033,000 bales of 478 pounds compared with 4,289,000 bales officially estimated for last year. In this connection it is significant that stocks at Bombay on April 17 were 273,000 bales of 400 pounds less than a year earlier. Exports from all India for the period March 19 to April 16 are reported by the Commercial and Financial Chronicle at 179,000 bales less than for the corresponding period last year, however, so stocks are not now as low in comparison with last year as they were a month ago. In Egypt cotton acreage was increased from 1,912,000 acres in 1929-30 to 2,162,000 acres in 1930-31

and in October production was forecast at 1,743,000 bales as compared with 1,725,000 bales in 1929-30. The December report placed this year's crop at 1,697,000 bales but ginnings and receipts at Alexandria for the season to April 1 were both 16.9 per cent below last year so that a further downward revision will undoubtedly be necessary. In Anglo-Egyptian Sudan early indications pointed to an increase in production over last year and the December 1 estimate placed this year's crop at 171,000 bales. The April estimate reduces the crop to 113,000 bales, due mostly to damage from black arm and leaf curl, the latter a disease which has developed recently. In Brazil the coffee crisis favored the expansion of cotton production and this year's acreage is larger than last year's, but drought and weevil damage were severe in several provinces and the crop is now unofficially estimated at 400,000 bales compared with the official estimate of 550,000 bales last year. Low prices are believed to have been important in reducing the Brazilian crop even though Brazilian exchange rates have fallen to nearly 40 per cent below par, thus making prices received by Brazilian growers nominally more satisfactory than they are. Although these reductions have attracted little attention in view of present low consumption and accumulated stocks, they show the present trends in production and they reduce supplies by an amount that would be of very definite significance in time of favorable cotton consumption.

Some information is becoming available concerning the 1931-32 world cotton crops. Fertilizer tag sales in the South were 27.5 per cent lower in March this year than last, and for the four months December through March they were 31.5 per cent below last year. In Egypt it has been necessary to restrict the use of water and an acute shortage seems likely to develop by summer. Only meager information is available from Russia as efforts seem concentrated on the spring planting campaign by which an increased acreage is being sought. Prospects do not appear very satisfactory and transportation, labor and equipment shortages are being complained about. It must be recalled, however, that such complaints appeared to be part of the campaign of bringing about last year's increase in acreage.

THE COTTON PROSPECT



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

Prices

Spots

United States markets - The average price of middling 7/8 inch cotton in the ten markets for the week ended April 24 was 9.46 cents per pound compared with 9.56 cents for the previous week and 10.14 cents for the week ended March 21. The sentiment during the period from December to March was that recovery from the depression would be rapid and that the acreage reduction would be large. Since then the feeling in the trade seems to be that the recovery may be slow or irregular and that the reduction in acreage may not be so great as anticipated earlier. During March the average price in the ten markets was 10.15 cents per pound compared with 10.12 cents in February, and 14.74 cents in March, 1930. The average price received by producers on March 15 was 9.6 cents per pound, 0.5 cent above February 15 and 4.2 cents below March 15, 1930.

Liverpool - At Liverpool the prices of spot cotton made net declines of 0.49 to 2.64 cents per pound for the most important growths traded in on that market from March 20 to April 17. The average decline for nine quotations was 1.05 cents per pound compared with a decline of 0.81 cents in the price of American middling 7/8 inch cotton at Liverpool during this period. The average of Indian Oomra and Sind declined 0.58 cents during this period, Egyptian Sakel 2.64 cents and Uppers 1.50 cents per pound.

Relative prices of competitive cotton at Bremen 1/ - The decline in prices of American cotton during the first part of March resulted in a relatively higher average price for Indian and Egyptian offerings. While this is true of the average price for the four types of Indian cotton: American Seed, Broach, Scindh and Oomra; developments in the prices of these varieties were not at all uniform. During the first part of March the low grades, Oomra No. 2 and Scindh, were relatively higher and the prices for the better cottons, Broach and American Seed, relatively lower than American. This may explain the preference accorded to better grades of Indian cotton over American cotton by continental markets during the first part of March. Egyptian uppers sold relatively higher than in February and proved to be somewhat neglected. Due to the relatively greater decline in Egyptian than in American middling 7/8 inch since March 20, the competitive position of uppers may have been improved.

1/ Based on report dated April 2, 1931, from Assistant Agricultural Commissioner Donald F. Christy at Berlin, supplemented by cable on April 11.

Stocks and movements

Apparent supply of American cotton in United States

On April 1 the apparent supply of American cotton remaining in the United States amounted to about 9.5 million bales. This was about 2.4 million bales above April 1, 1930 and 3.8 million bales above April 1, 1929. One month earlier the apparent supply was about 2.5 million bales above last year. This decrease in the difference between this year and last year during March was due to the fact that exports during March were about 128,000 bales above March, 1930 and consumption was only about 17,000 bales below March a year ago.

World visible supply

On April 17 the world visible supply of all cotton totaled 9,153,000 running bales, 2,206,000 bales above the corresponding date last season and 2,793,000 bales above that date in 1929, according to the Commercial and Financial Chronicle. Due to the continued lower rate of consumption this year than last the visible supply continues to increase relative to last year. On February 13, the total visible supply was 1.82 million bales above last year and on March 13 was 2.16 million above a year earlier.

The world visible supply of American cotton on April 17 was 6,589,000 bales, 2,394,000 bales above a year ago and 2,583,000 bales more than in 1929 at this time. The visible supply of foreign cotton on the other hand is below last year, the total on April 17 this year being 2,564,000 bales compared with 2,752,000 bales twelve months ago.

Stocks in consuming establishments, etc.

Stocks of raw cotton in consuming establishments at the end of March totaled 1,478,000 running bales, according to the report of the Bureau of the Census. This compares with 1,758,000 bales on hand one year earlier and was the lowest for the month since 1921. Stocks in public storage and at compresses on the other hand amounting to 3,643,000 bales on March 31, 1931 were 2,443,000 bales more than a year ago and compares with stocks of 5,253,000 bales at the end of March, 1921, which was the previous high for the month since 1915 when these records were first started.

Exports of domestic cotton

The total exports of domestic cotton for the season to the end of March amounted to 5,510,000 bales compared with 5,771,000 bales during the same period last season or only 261,000 bales below, according to the

reports of the Bureau of the Census. At the end of January exports for the season were 412,000 bales below last season. This decrease in the difference was due to the fact that exports in both February and March were above last year. During March exports mounted to 605,000 running bales compared with 433,000 bales during February, 535,000 bales during January, and 478,000 bales in March, 1930. Exports during March were the largest for the month since March, 1927. During the past five years exports in March have averaged only 12,000 bales above February, whereas this year exports in March were 172,000 bales above February. The greatest increase over February took place in exports to Japan, Germany and Italy. Exports to Japan for the season to date are again ahead of last season, as they were through September.

The pick up in exports during February and March was due to the upward movement in price and the more optimistic feeling throughout the world cotton trade during January and February.

Domestic imports of foreign cotton

Total imports of foreign cotton during March totaled about 10,000 bales compared with 28,000 bales in March, 1930. The total for the eight months ended March 31, 1931 was about 52,000 bales compared with 244,000 bales for the like period last season.

Exports from India and Egypt

Total exports from India from March 19 to April 16 amounted to 256,000 running bales compared with 435,000 bales during the corresponding period last year, according to the Commercial and Financial Chronicle. From August 1 to April 16, however, exports were 45,000 bales above last season.

From August 1 to April 15 this season exports from Alexandria totaled 646,876 running bales, 80,101 bales below the similar period in the 1929-30 season. Exports from Egypt to the Continent and to India for the season to April 15, however, amounted to about 452,000 bales compared with 374,000 bales during last season or an increase of about 58,000 bales.

Continental spinners' takings of American cotton

During the four weeks ended about March 20 there were only 210,000 bales of American cotton taken by continental spinners. This compares with 334,000 bales during the same period last season. The total takings for the season from August 1 to March 20 amounted to 2,538,000 bales compared with 2,966,000 bales during the same period last season.

Table 1.- Cotton, American: Continental spinners' takings, specified periods

Four weeks ended about	1926-27	1927-28	1928-29	1929-30	1930-31
	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.
Aug. 1-Aug. 8	(62)	(89)	(131)	(121)	(52)
Sept. 5	317	431	295	232	231
Oct. 3	288	334	339	282	276
Oct. 31	457	421	427	332	323
Nov. 28	473	440	424	434	389
Dec. 26	544	475	436	415	313
Jan. 23	449	430	454	406	274
Feb. 20	680	440	361	380	320
Mar. 20	539	386	477	364	310
Total Aug. 1-Mar. 20	3,809	3,446	3,344	2,966	2,388
Apr. 17	463	401	332	304	
May 15	524	420	337	256	
June 12	443	361	417	245	
July 10	516	384	304	243	
July 31 1/	253	303	143	163	
Total	(6,008)	(5,315)	(4,877)	(4,177)	

1/ Three weeks.

Textile situation

World mill consumption six months ended January 31

The detailed report of the International Federation of Master Cotton Spinners and Manufacturers' Association showing consumption by countries and types of cotton has been received since the March release of World Cotton Prospects. The following is a brief analysis of the report. For addition comparisons see Tables 12 to 13, in the appendix, pages 16 to 21.

World mill consumption of American cotton during the six months ended January 31, 1931 amounted to 5,278,000 running bales compared with 7,083,000 bales in the corresponding period last season. This decrease of 1,805,000 bales compared with a decrease of 2,038,000 bales in the consumption of all cotton and an increase of 28,000 bales in the consumption of Indian cotton during the first half of the present season compared with the same period last year. The greatest decline in the consumption of American cotton during this period took place in the United States and Great Britain, although consumption of American cotton on the Continent of Europe during the first half of the season was also considerably below last season. China was the only important country which consumed more American cotton during this period than during the corresponding period in 1929-30. The countries in which the consumption of Indian cotton showed an increase over the half year ended January, 1930 were France, China, Great Britain, India and some of the smaller European countries. The total world consumption for the four classes of cotton reported by the Federation for the six months ended January, 1931

in per cent of the consumption in the same period last season were American 74.5 per cent, East Indian 100.9 per cent, Egyptian 78.5 per cent, Sundries 94.2 per cent and total 84.6 per cent. These consumption reports indicate that during periods of depression there is a tendency for mills to consume a larger proportion of cheaper cotton than in years of prosperity. In case of the displacement of American cotton by Indian cotton it was due in part, no doubt, to the fact that the relative prices of the two growths was more favorable to the consumption of Indian during the latter period than during the first half of the 1929-30 season. These consumption reports include the same figures for Russian consumption as for the six months ended July 31, 1930 since no reports were received by the Federation for the past six months period.

United States

The domestic consumption of raw cotton during March amounted to 491,000 running bales compared with 434,000 bales during February and 508,000 bales during March 1930. During the past ten years consumption during March has averaged about 39,000 bales above February whereas the consumption during March this year was about 57,000 bales above February. The index of cotton consumption after adjusting for seasonal, increased from 84 per cent in February to 89 per cent in March. The index in March 1930 was 94. The total consumption in the United States for the eight months ended March 31, 1931 was 3,391,000 bales compared with 4,316,000 bales for the same period in 1929-30.

The production of standard cotton cloth increased 2.4 per cent during March on a weekly basis whereas during the previous three years production in March has averaged slightly below February. Some increase in production was to be expected following such increases in sales and shipments as took place during January and February. Unfilled orders increased 34.6 per cent and stocks decreased 12.5 per cent during these two months. Production is still being curtailed which together with an additional pick-up in shipments during March resulted in a further reduction of stocks, the decrease amounting to 14.3 per cent from the end of February to the end of March. This left the stocks on hand at the end of March the lowest since the end of October 1927. While the average weekly sales during March were lower than during either February or January they were still 8.7 per cent above March production.

Great Britain

Weekly cables from Great Britain during the past four weeks indicate that business between Lancashire and the Orient is again declining following a brief pick-up during early March, which came with the announcement of the ending of the Indian boycott. The decrease in business is probably due to a considerable extent to the feeling of uncertainty as to the trend of business and in part to the declining prices of raw cotton since early March. Total exports of piece goods to all countries during March amounted to 136.4 million square yards compared with 146.3 million square yards in February and 281.3 million yards in March 1930. During the past ten years exports of piece goods have averaged about 18.9 million yards over February. Total exports for the eight months ended March 31, 1931 amounted to about 1,159.8 million square yards. This compares with a total of 2,276.2 million square yards during the same period last season or a decrease of about 49 per cent.

Exports of yarns during March amounted to 10.8 million pounds compared with 9.3 million pounds in February and 12.7 million pounds in March 1930. The total for the season to the end of March was 85.0 million pounds, 19.1 million pounds or 18.3 per cent below the same period last season.

Continental Europe during March 1/

A significant decline in raw cotton prices accompanied by hesitancy on the part of buyers, featured in the continental market during March. The improved confidence, so apparent in February, had not been seriously disturbed up to the end of March, however, as is evidenced by the fact that set-backs in raw cotton prices were readily accepted as good opportunities for price fixing. The trade seemed to consider the market "well balanced", a term conveying the idea that present conditions justify neither significant advances nor important declines of raw cotton prices. At the beginning of April liquidation of May longs and professional selling, however, caused considerable uncertainty among the buyers.

The prices even in early April were considered reasonable and the advice to buy, or to fix prices on every decline, was quite generally circulated among continental spinners. Factors considered as having a favorable effect on the present situation are, more hopeful reports on the cotton mill and trade situation in the United States, improved raw takings on the part of Japan and China, low yarn and cloth stocks in important consuming regions and prospects for some increase in consumer and trade buying, at least in the second part of the year. On the other hand, the slight pick-up in American fertilizer sales and the unexpected growth in sales of Russian cotton at Liverpool this year have had a bearish effect upon trade sentiment. The semi-annual report of the Federation at Manchester was also considered depressing.

Total spinner and weaver sales of cotton yarn and cloth on the Continent showed little, if any, improvement over February. While a slight revival was evident in central Europe, there was no change in France, other western European countries and Italy. The existing keen competition in the yarn and cloth trade leaves spinners' margins rather small.

Spinning and weaving mill activity, on the Continent as a whole, seems to have shown a slight improvement over February, mostly as a result of the situation in central Europe where operations have been somewhat increased.

As might be expected, with weaker prices in raw cotton, spinner purchases of American and other cotton during March were considerably smaller than in the previous month. There was still interest at the beginning of March, particularly for Indian cotton. Purchases fell off sharply after that, however, and have remained quiet throughout the remainder of March. Spinner price fixing, however, was of good volume on every setback in New York. C.i.f. import purchases by merchants at Bremen were also reduced.

Germany

Cotton textile conditions in Germany show no significant change from a month ago. The present situation might be characterized as a hesitant maintenance of the slightly improved conditions recorded during February.

1/ Based on report dated April 2, 1931 from Assistant Agricultural Commissioner Donald F. Christy at Berlin, supplemented by cable on April 11.

Spinner sales of cotton and yarn have been somewhat larger, especially in the American section. Most of the increase, however, is in short term orders, which do not assure maintenance of improvement for the industry. Cotton weavers, notably those in Southern Germany, reported a pick-up in new orders but competition was very keen and prices were at rock bottom.

In view of the much reduced mill stocks, the recent improvement in sales of yarn and fabrics has led to a slight increase in mill activity during March. This is apparently somewhat in apposition to the efforts of the spinner cartel which went into effect on March 16. As suggested in our last report, however, the cartel was not set up as a strictly production reducing scheme, and in view of the fact that only about 50 per cent of all spindles are under cartel control, a slight increase in spinner takings for March is not surprising.

Except for a short period of activity early in March, spinner and importer buying at Bremen was much reduced as a result of the declining price tendency in the raw market. Any setbacks in the raw market, however, were used by spinners for price fixing on old contracts.

Czechoslovakia and Austria

Complaints of the low level of yarn and cloth sales continue in Czechoslovakia and Austria notwithstanding the continuance of a slight seasonal revival. Mill activity in both countries show significant declines ranging from 10 to 20 per cent below last year. Czechoslovakian weavers and spinners are seriously concerned about the trade policy situation. Sales to Hungary are cut off because of the tariff war existent since December 15, while the lack of concessions to the Czechoslovakian cotton industry in a new treaty with Yugoslavia and the expectation of the abolishment of the present trade treaty with Austria are also depressing factors. The proposed Tariff Union between Germany and Austria, unless joined by Czechoslovakia, would also be a serious handicap to the Czechoslovakian cotton weavers, but would at the same time promote the Austrian cotton yarn business with Germany.

France

France reported a quieter month. February improvement in sales of yarn and cloth gave way to a considerable hesitancy on the part of buyers, due to the weakening raw cotton market. While Normandy mills were in a relatively satisfactory position, restriction of mill activity was especially severe in the Vosgues and in Alsace. Mill activity continued at a reduced rate in Northern France. Spinner purchases of raw cotton during March were considerably below February, but setbacks in the cotton market still called for important price fixing.

Italy

No changes are reported for Italy, cotton mill conditions continuing rather unsatisfactory. Both spinning and weaving activity have been about 20 per cent below last year. Spinner purchases of raw cotton were again limited, and price fixing was only moderate. Supplies of raw cotton in spinners hands or bought for future delivery are small, however, being much below the past two years. While yarn stocks in spinning mills are above stocks at this

time last year, unfilled orders now on hand are considerably below those for the same date a year ago. Mill sales of yarn and cloth, registered a slight improvement during February but they were very low in the preceding months.

Poland

Poland reports that during February spinning mills increased operations, although sales of yarn were unsatisfactory and mill stocks were rising. The increase in operations was again reported as resulting from the efforts of the large mills to force outsiders into the cartel, the existence of which they hope to renew for a period of three years. To date all negotiations to re-establish the cartel have failed, and the Government is considering the issuance of a decree, or the passage of legislation, prescribing a compulsory production cartel for cotton spinners. Spinner demand for raw cotton remained limited.

Russia

As has previously been indicated, prospects for importation of American cotton into USSR are very poor. A recent statement of the chairman of the Textile Union to the effect that no cotton will be imported from the United States during the current season, merely confirms previous reports. At the same time, some 120,000 bales of cotton from Soviet Russia are reported to have been sold at Liverpool this season compared with only about 7,000 bales a year ago. The quality of the cotton is reported as similar to that of good grade Texas cotton. Some trial purchases of Russian cotton have also been made by Polish cotton mills which, prior to the war, were good consumers of Caucasian and Central Asiatic cotton.

Japan

Conditions in Japan during late March continued favorable for the consumption of American cotton and demand for higher count yarns (30s and above) was good, according to a report from Consul Dickover at Kobe. As a result the arrivals of American cotton which had been light promised to increase considerably in view of the large shipments afloat at that time which were reported to have been about 250,000 bales. This large shipment of American together with 230,000 bales of Indian cotton afloat for Japan gave promise of not only building up low stocks but of creating sufficient stocks to cause spot prices at least for American to go below replacement prices. This has happened in the past, but has been usually of short duration. Visible stocks of all cotton at the end of February totaled 315,000 bales compared with 412,000 bales a year earlier.

Due to the artificial scarcity produced by the curtailed output, good domestic demand and some manipulation, yarn prices have continued high and spinning operations have been very profitable. Spinners were sold forward into July and August. The new curtailment vote which was to go into effect April 1 reduced the nominal rate from about 34 per cent to 30.8 per cent. The prospects are that the curtailment agreement will be reduced to 27.2 per cent effective July 1. During January and February Japan imported 20,000 bales of Chinese yarn, but prices were not so favorable in late March for a continuation of yarn imports.

China

There has been a firm demand and a larger outlet for high count yarns recently in China, according to a cable from Agricultural Commissioner Nyhus at Shanghai received April 15. This has resulted in several Chinese mills returning to the spinning of high count yarns after a period of spinning only low counts. Yarn prices have been somewhat low in relation to the price of native cotton, and prices of Indian cotton have been too high to make normal business possible, consequently a good business was being done in American cotton.

Although Chinese mills complain of unprofitable operations and slow forward orders, active operations continued, their output was being forwarded and there was no excessive accumulation of yarn stocks. The Japanese mills, on the other hand, continued to be sold out well forward.

Production, acreage and crop condition reports

Estimated world cotton crop for 1930-31 reduced

The world cotton crop for the 1930-31 season is likely to be about 25,500,000 bales of 478 pounds net compared with 26,300,000 bales in 1929-30. In the United States the ginnings totaled 13,930,000 bales, a decrease of 313,000 bales under the estimate in December and 898,000 bales less than the final estimate of last year's crop.

In most of the principal foreign cotton producing countries recent estimates are considerably below earlier estimates for this season and are, in many cases, less than the estimates at this time last season or the final estimate for last year. In India the final estimate of 4,033,000 bales is 256,000 bales lower than the revised final estimate for last season. In Egypt the latest official estimate of 1,697,000 bales is 28,000 bales less than last year's final estimate and 46,000 bales below the earlier estimate for this season. When the relationship between the ginnings to April 1 and the final estimate of the past two seasons are compared with the ginnings to April 1 of this season, the indications are that this year's estimate may still be too high. The estimate of the Anglo-Egyptian Sudan crop was also recently reduced from 171,000 to 113,000 bales.

In Mexico prospects are that the present crop will be at least 77,000 bales less than last season's while the Brazilian crop is expected to decrease from 550,000 bales to 400,000 bales and the Peruvian crop is expected to be about 10 per cent less than last year. It is probable that a reliable estimate of the Chinese crop will not be available until summer, according to Agricultural Attache Nyhus at Shanghai, but he stated earlier in the season that the indications might be for a larger crop on the whole, although in some sections the crop is expected to be smaller than last year.

United States

Quality of the 1930 crop - The 1930 crop in the United States was of considerably better quality than the 1929 crop as has been shown by the grade and staple reports which have been released. The report for the total crop

which was released April 17 shows that 84.6 per cent of the crop was tenderable on futures contract whereas only 75.7 per cent of the 1929 crop was tenderable. Only 2.0 per cent of the crop was untenderable in grade this year compared with 4.1 per cent last year. The greatest improvement in quality was in the staple length. In 1929 the per cent of the crop which was untenderable because of staple amounted to 18.3 per cent whereas this year there was only 12.8 per cent untenderable in staple. Of the 1930 crop 24.9 per cent was 15/16 inch to 31/32 inch in staple length. Only 18.9 per cent of the 1929 crop fell in this group.

Fertilizer tag sales - The sale of fertilizer in the cotton belt is given considerable attention at this time of year because of its relation to acreage and the influence it has on yields in some States. On the average tag sales during the four months December through March represent about 66 per cent of the seasons sales and sales in April about 20 per cent of the total. For the four months ended March 31, 1931 tag sales in the South were only 68.5 per cent of the sales during the same period last season. Sales during March were 72.5 per cent of March 1930.

Ginnings low in Egypt - Ginnings of all cotton in Egypt for the season to April 1 amounted to 1,292,000 bales of 478 pounds net, according to a cable received by the Foreign Service of the Bureau of Agricultural Economics from the International Institute of Agriculture at Rome. This further substantiates the evidence presented last month, that the official estimate of the Egyptian cotton crop was too high. The Egyptian Government's December estimate placed the crop at 1,697,000 bales for 1930-31 compared with 1,725,000 bales in 1929-30 and 1,672,000 bales in 1928-29. The ginnings to April 1, however, showed a decrease of 262,000 bales or 16.9 per cent from those for the corresponding period last year and a decrease of 212,000 bales of 14.1 per cent under ginnings to April 1, 1929. Ginnings to March 1 this year were 15 per cent below those to March 1 a year ago.

Of the total ginnings to April 1, 1931, 326,000 bales were of the Sakellaridis variety. The ginnings of Sakellaridis cotton were down 163,000 bales or 33-1/3 per cent from those to April 1, 1930, and were 30.6 per cent or 144,000 bales below those to April 1, 1929. Ginnings of other varieties amounted to 966,000 bales which is a decrease of 9.3 per cent or 99,000 bales from those to April 1, 1930 and a decrease of 6.5 per cent or 67,000 bales from those to April 1, 1929.

Substantiating the decrease in ginnings of 16.9 per cent from those of last year there has been an equal decrease in the receipts of cotton at Alexandria.

Both last year and the year before ginnings to April 1 amounted to 90 per cent of the final production estimate. This year ginnings to April 1 amounted to only 76 per cent of the December estimate.

Acute water shortage in Egypt for 1931-32 crop - With the planting of the 1931-32 Egyptian cotton crop well along, there is every indication of a real summer water shortage, according to Cotton Specialist P. K. Norris at Cairo. A cable dated April 8 stated that, effective May 1, there would be increased restrictions on the use of water on cotton lands in lower and middle Egypt, and that rice growing had been prohibited in those areas. As early as March 16 certain water restrictions were already in operation. At that

time the fields were being watered for 6 days, with the ditches closed for 15-day intervals instead of the 6-day intervals practiced in years of good water supply. The water conservation program was started very early in the season. Storage dams were practically full in March, but the rate of inflow was even then regarded as below the spring planting requirements.

The 1931-32 season so far has been regarded as a "poor Nile" season resembling those of 1922-23 and 1923-24, Mr. Norris reports. In those two years the yield per acre averaged 360 pounds whereas during the three seasons 1927-28 to 1929-30 the yield averaged about 419 pounds per acre. The Nile has been low all winter. Apparently the annual Abyssinian floods were too light to keep the head waters of the Nile in good volume. The current situation is reviving interest in the completion of a dam south of Khartoum begun several years ago. The importance of cotton in Egyptian national economy will insure that crop first consideration in the distribution of available water this season. Ordinarily there is no restriction upon the growing of rice, which uses much more water than does cotton per acre, and is regarded as less important.

Anglo-Egyptian Sudan

On April 2, a revised official estimate of the 1930-31 Sudan crop was released which showed a reduction in the estimate of 58,000 bales, the December 1 estimate was 171,000 bales of 478 pounds net and the latest estimate is 113,000 bales. This is 29,000 bales below the final estimate for last season's crop. According to Cotton Specialist P.K. Norris who has recently completed an extended trip through the Sudan the reduction is due largely to the damage done by the leaf curl and black arm. The greatest damage was done in the Gezira district. The March 1 estimate for this district was 123,000 bales, but the indications are now that the crop in the Gezira province may reach about 65,000 bales, half of which has already been picked. Black arm is of long standing in Gezira while leaf curl is new and widespread, Mr. Norris reports. The leaves and branches half way up the plants have been destroyed by the black arm and the producers are not able to control it.

The Tokar area which is usually next to Gezira in cotton production is expected to produce only about 9,300 bales this year, this area also being infected with leaf curl. The third largest cotton area is around Kassala where the crop will not exceed 10,400 bales to 11,400 bales.

Russia

With the attention of the local correspondents in the cotton regions concentrated on the approaching spring planting campaign, reports on the development of Russian cotton procurings have not appeared in the Russian press of late. The large acreage increase planned for cotton this year necessitates the concentration of all forces on the preparation for this campaign. Prospects are not very satisfactory, however, in most of the important cotton producing regions of the Union. Slow transportation of sowing material and grain are greatly complained of, while a shortage of feedstuffs, of fuel for tractors and of qualified workers is also reported.

Ploughing for the cotton planting campaign began over practically all of Middle Asia around March 20. Trial plantings were reported at some points and plantings are expected to develop on a larger scale at the beginning of April. Timely seeding is greatly urged in view of the fact that, according to past experience, best yields are harvested off fields planted around April 15, whereas a delay of a month sometimes causes considerable reduction in the yield.

Table 2.-Europe 1/ : Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	2,220	1,660	382	329	198	126	617	43	3,417	2,158
1921-22	2,793	3,097	419	463	256	290	498	418	3,966	4,268
1922-23	2,944	2,339	518	586	313	348	501	466	4,276	3,739
1923-24	2,371	2,524	668	780	405	418	482	400	3,926	4,122
1924-25	2,961	3,392	641	650	414	367	525	648	4,541	5,057
1925-26	3,372	2,915	674	557	352	373	908	1,081	5,306	4,926
1926-27	3,327	3,547	523	414	374	384	901	1,092	5,125	5,437
1927-28	3,791	3,301	489	594	379	373	866	1,167	5,525	5,435
1928-29	3,480	3,044	657	676	392	374	1,014	1,275	5,543	5,369
1929-30	3,071	2,458	785	778	384	332	1,280	1,266	5,520	4,834
1930-31	2,182		787		310		1,303		4,582	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Includes Great Britain, Germany, France, Russia, Italy, Czechoslovakia, Belgium, Spain, Poland, Switzerland, Holland, Austria, Sweden, Portugal, Finland, Hungary, Denmark and Norway.

Table 3.-Asia 1/: Cotton consumption by growths, half years, 1920-21 to January 31, 1931.

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	274	317	1,516	1,599	8	11	39	416	1,836	2,344
1921-22	486	545	1,932	2,101	16	22	477	503	2,911	3,171
1922-23	487	372	2,198	2,078	21	19	663	599	3,369	3,068
1923-24	316	345	2,083	1,839	17	22	611	740	3,027	2,946
1924-25	333	439	2,047	2,118	26	23	748	775	3,154	3,355
1925-26	431	581	2,076	2,197	18	24	671	637	3,196	3,439
1926-27	686	1,070	2,268	1,935	27	24	724	638	3,705	3,667
1927-28	840	673	1,784	1,605	22	21	593	1,053	3,239	3,352
1928-29	670	761	1,877	1,889	20	23	697	783	3,264	3,456
1929-30	728	699	2,156	2,247	27	31	890	935	3,801	3,912
1930-31	602		2,185		35		839		3,661	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Mill consumption in India, Japan and China.

Table 4.--America 1/: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	2,291	2,523	5	6	60	53	103	266	2,459	2,848
1921-22	2,967	2,854	6	5	83	74	312	361	3,368	3,294
1922-23	3,228	3,290	8	13	77	105	384	500	3,697	3,908
1923-24	3,022	2,502	12	15	78	73	304	286	3,416	2,876
1924-25	2,876	3,187	16	16	56	73	423	367	3,371	3,643
1925-26	3,151	3,230	18	12	67	74	506	552	3,742	3,868
1926-27	3,373	3,702	13	15	78	90	321	371	3,785	4,178
1927-28	3,559	3,171	15	12	81	67	427	377	4,082	3,627
1928-29	3,408	3,598	10	25	78	87	362	329	3,858	4,039
1929-30	3,250	2,750	31	30	83	65	385	295	3,749	3,140
1930-31	2,468		22		40		270		2,800	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Includes United States, Canada, Mexico and Brazil

Table 5.--Great Britain: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	1,091	587	23	16	152	85	46	24	1,312	712
1921-22	1,107	1,168	27	27	168	168	74	125	1,376	1,488
1922-23	1,096	823	39	68	184	209	184	164	1,506	1,264
1923-24	845	850	97	104	235	234	200	153	1,377	1,341
1924-25	1,092	1,252	86	97	233	198	152	125	1,563	1,672
1925-26	1,156	937	95	73	191	200	204	166	1,646	1,376
1926-27	940	1,137	48	34	186	183	242	240	1,416	1,594
1927-28	1,027	922	47	74	172	186	275	201	1,521	1,383
1928-29	971	939	92	91	191	174	186	156	1,440	1,360
1929-30	880	594	100	88	167	134	268	234	1,415	1,050
1930-31	493		131		113		239		976	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

Table 6.-Germany: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	272	372	102	103	9	14	20	5	403	494
1921-22	442	469	109	110	21	20	11	10	583	609
1922-23	448	336	126	94	21	16	12	9	607	455
1923-24	272	424	85	123	19	27	12	10	388	584
1924-25	420	496	106	108	26	31	16	8	568	643
1925-26	479	405	132	72	24	19	12	5	647	501
1926-27	565	649	94	78	31	36	12	13	702	776
1927-28	677	599	95	117	34	29	18	16	824	761
1928-29	550	474	122	130	36	34	16	16	724	654
1929-30	468	455	144	127	38	40	26	25	676	647
1930-31	364		116		36		40		556	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufactures' Associations.

Table 7.-France: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	314	269	34	35	25	17	22	9	395	330
1921-22	349	450	41	78	29	45	15	28	434	601
1922-23	400	390	74	96	46	47	31	95	551	628
1923-24	358	342	106	92	46	57	33	29	543	520
1924-25	376	430	77	83	59	48	21	28	533	589
1925-26	411	424	70	93	30	56	36	39	567	612
1926-27	419	406	91	68	51	49	64	34	625	557
1927-28	407	422	78	102	49	46	41	35	575	605
1928-29	419	405	105	112	47	59	42	38	613	614
1929-30	380	348	100	124	65	53	44	57	589	582
1930-31	371		121		49		54		595	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

Table 8.- China 1/: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21		-		-	-	-	-	-	-	
1921-22	37	95	186	214	1	1	515	450	739	760
1922-23	73	37	171	186	3	1	623	515	870	739
1923-24	31	47	140	191	-	-	542	620	713	858
1924-25	31	40	145	195	-	-	590	609	766	844
1925-26	46	74	266	222	1	-	597	549	910	845
1926-27	113	161	258	201	1	-	628	558	1,000	920
1927-28	151	146	108	200	1	-	509	901	769	1,247
1928-29	121	158	218	180	-	-	605	675	944	1,013
1929-30	130	162	199	264	1	2	763	776	1,093	1,204
1930-31	164		278		3		735		1,180	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Mill consumption only.

Table 9.- Japan: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1.	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	337	285	723	693	7	9	46	22	1,113	1,009
1921-22	365	431	695	785	12	14	40	30	1,112	1,260
1922-23	393	330	845	877	14	17	31	69	1,283	1,293
1923-24	282	397	622	732	15	21	55	113	1,174	1,163
1924-25	296	393	751	727	20	19	114	139	1,181	1,278
1925-26	383	499	881	889	16	19	64	65	1,344	1,472
1926-27	513	619	840	716	23	23	67	50	1,443	1,408
1927-28	572	506	676	565	19	20	55	128	1,322	1,219
1928-29	522	578	737	751	19	21	63	75	1,341	1,425
1929-30	573	519	870	827	22	20	79	87	1,544	1,453
1930-31	426		755		15		45		1,241	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

Table 10- India 1/: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1.	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	1	26	1,109	1,079	2	4	2	20	1,114	1,129
1921-22	35	19	1,105	1,102	3	7	20	23	1,163	1,151
1922-23	21	5	1,182	1,015	4	1	9	15	1,216	1,036
1923-24	3	1	1,121	916	2	1	14	7	1,140	925
1924-25	6	6	1,151	1,196	6	4	44	27	1,207	1,233
1925-26	2	8	929	1,086	1	5	10	23	942	1,122
1926-27	60	290	1,170	1,018	3	1	29	30	1,262	1,339
1927-28	117	21	1,000	840	2	1	29	24	1,148	886
1928-29	27	25	922	958	1	2	29	33	979	1,018
1929-30	25	18	1,087	1,156	4	9	48	72	1,164	1,255
1930-31	12		1,152		17		59		1,240	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Mill consumption only.

Table 11- Italy: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1.	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	302	260	111	97	12	8	4	1	429	366
1921-22	264	309	101	99	8	14	2	3	375	425
1922-23	327	274	108	131	20	24	5	4	460	433
1923-24	281	266	136	178	33	33	6	9	456	486
1924-25	293	346	149	139	26	28	10	11	478	524
1925-26	355	357	134	120	22	28	10	11	521	516
1926-27	342	338	106	78	25	24	11	8	484	448
1927-28	342	365	81	98	24	24	8	12	455	499
1928-29	372	373	111	114	25	28	10	9	518	524
1929-30	355	309	133	128	30	22	15	9	533	468
1930-31	240		120		22		11		393	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

Table 12- Russia: Cotton consumption by growths, half years, 1920-21 to January 31, 1931

Season beginning Aug. 1.	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July 31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21					1	2	520	250	521	252
1921-22	3	24			3	4	366	229	372	257
1922-23	61	61			1	1	234	151	296	213
1923-24	81	131			19	10	194	162	294	303
1924-25	159	150			20	20	293	442	472	612
1925-26	214	59		1	23	24	610	821	847	905
1926-27	267	123			30	31	524	762	821	916
1927-28	376	117			37	34	466	834	879	985
1928-29	317	73			36	23	705	998	1,058	1,094
1929-30	231	52	52	61	27	25	816	845	1,126	983
1930-31 1/	52		61		25		845		983	

Compiled from reports of International Federation of Master Cotton Spinners' and Manufacturers' Associations.

1/ No returns received; these figures are the same as for the preceding half year.

Table 13- World mill consumption of cotton by growths, half years, 1920-21 to January 31, 1931

Seasons beginning Aug. 1.	American		East Indian		Egyptian		Sundries		Total	
	Half year ended									
	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31	Jan.31	July31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	5,159	4,871	2,155	2,244	587	222	1,493	1,064	9,194	8,401
1921-22	6,251	6,506	2,357	2,569	362	386	1,308	1,428	10,278	10,889
1922-23	6,662	6,004	2,724	2,678	418	480	1,580	1,597	11,384	10,759
1923-24	5,712	5,395	2,768	2,641	507	521	1,428	1,458	10,415	10,015
1924-25	6,207	7,049	2,732	2,789	500	470	1,729	1,818	11,168	12,126
1925-26	6,974	6,756	2,735	2,787	444	477	2,135	2,323	12,338	12,343
1926-27	7,423	8,357	2,818	2,378	487	506	2,001	2,171	12,729	13,412
1927-28	8,226	7,181	2,303	2,220	489	467	1,969	2,685	12,987	12,553
1928-29	7,613	7,463	2,574	2,604	497	492	2,184	2,455	12,868	13,014
1929-30	7,083	5,940	2,985	3,102	502	435	2,632	2,530	13,202	12,007
1930-31	5,278		3,013		394		2,479		11,164	

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-70 WORLD COTTON PROSPECTS May 29, 1931

SUMMARY

Cotton prices continued to decline during the month ended about May 20, and on two days the average price in the ten markets was below the low point of last December. The decline during April took place in spite of weather conditions unfavorable for the progress of the coming crop, increasing domestic consumption and larger exports than a year earlier. The dominating factors in the decline were the decrease in the sales of cotton textiles both in this and other countries and the decline in the prices of stocks and other commodities.

The apparent supply of American cotton remaining in the United States decreased 34,000 bales more during April this year than in April 1930. The world visible supply of all cotton on May 15, 1931 was 2.1 million bales or 33 per cent larger than a year earlier, American was 59 per cent larger and foreign cotton 5 per cent less. Stocks of cotton in consuming establishments in the United States at the end of April, however, were the lowest for that date since 1924 and stocks in all mills of the world at the end of January were the lowest for that time of year since 1925.

Exports of domestic cotton in April were 42,000 bales more than in April 1930 and for the season to the end of April were only 215,000 bales, or 3.5 per cent below last season. Exports to France and Japan for the season were 15 and 9 per cent respectively above the 1929-30 season. Although conditions in the cotton textile industry on the Continent of Europe continue depressed with some countries decreasing activity, spinners takings of American cotton during the past two months have increased and for the four weeks ended May 15 were estimated at about 24,000 more than during the

corresponding period last year. Cotton textile activity in the United States showed an additional increase during April although sales of cotton textiles declined. In Great Britain the situation has improved somewhat recently with increased sales of textiles to India, China, Egypt, Africa, and South America. In Japan the restrictions on yarn production have been released to stop the imports of yarn from China, but the decline in the price of raw cotton and the promise of more liberal supplies of yarn have forced yarn prices down. The yarn market in China was stronger in early April and Japanese mills in China were increasing their spindles for higher count yarns which is a factor favorable for American cotton.

Weather conditions in this country so far this season have been none too good for the development of the 1931 crop and sales of fertilizer in the South have been about 28.6 per cent below last season and 26.8 per cent below two years ago. Reports from Egypt state that a shortage of water may be a serious factor in the production of the 1931-32 crop in that country. In Russia, however, plantings up to May 1 are reported to be greatly in excess of those to May 1 last year and early plantings are reported to be making good progress.

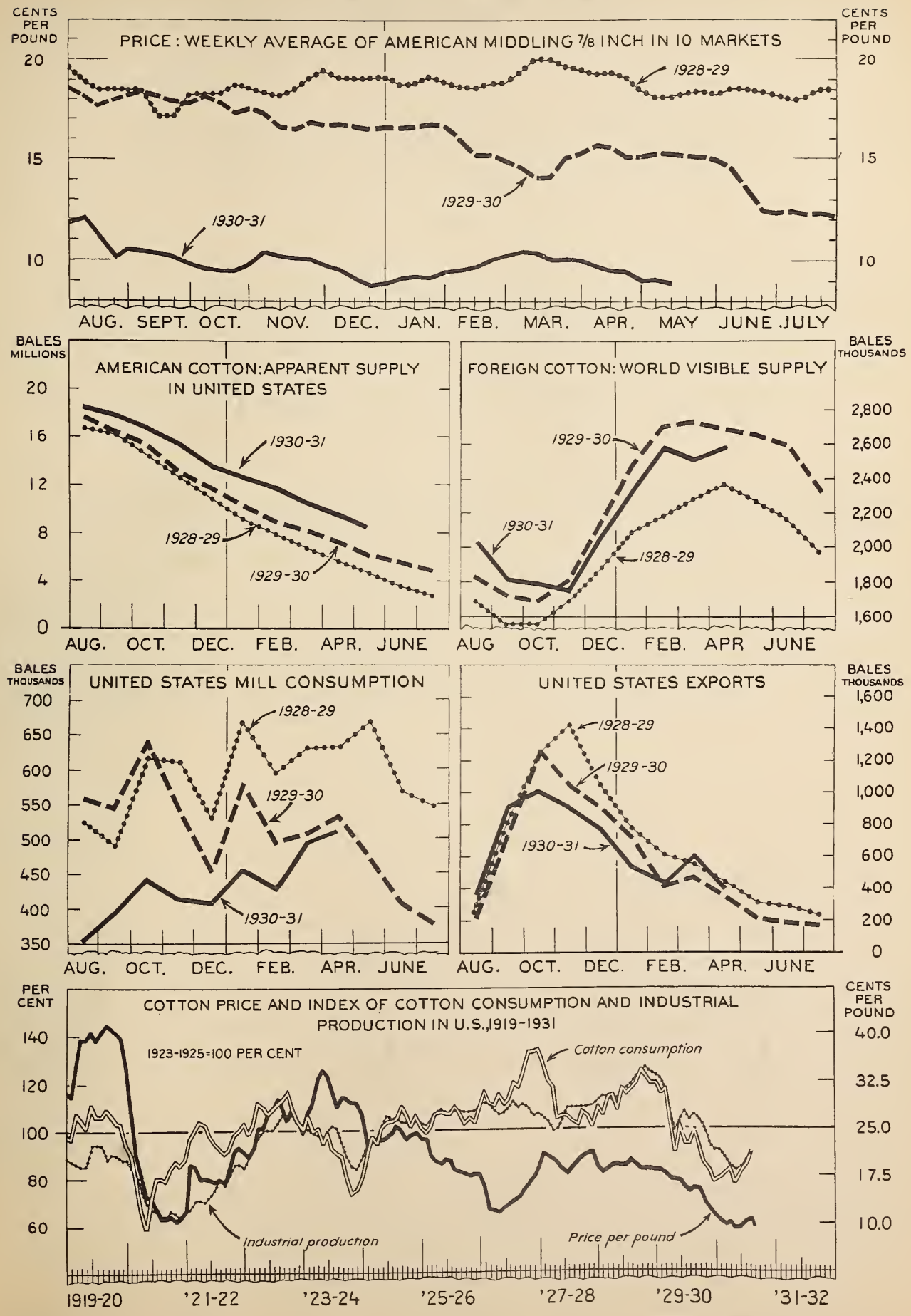
Prices

Cotton prices continued to decline during the month ended about May 20, and for two days broke below the low point of last December. The decline in the sales of cotton textiles both here and abroad and the decline in the stock market and other commodity markets were probably the most influential factors in the decline.

Spots

Domestic markets - In the ten designated spot markets American middling 7/8 inch cotton declined 1.02 cents per pound from April 20 to May 20, the quotation on the later date being 8.62 cents. On May 18 the average of the ten markets went below the previous low of the season, declining to 8.49 cents. The previous low for the season made on December 15 was 8.58 cents per pound. On May 19 the average of these markets dropped to 8.41 which was the lowest since 1915. As may be seen in the accompanying Figure prices in

THE COTTON PROSPECT



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the ten markets for the week ended May 9 showed a slight increase over the average for the preceding week, but during the following week made another decline. The average price during April in these markets was 9.50 cents per pound compared with 10.15 cents in March and 15.40 in April 1930. Sales in these markets, however, amounted to 101,000 bales in April this year compared with 78,000 bales in April last year, but were 104,000 bales less than in April 1929.

The average price received by producers on April 15 amounting to 9.3 cents per pound was 0.3 cents below March 15 and compares with 14.7 cents one year earlier. This price was 0.7 cents per pound above the January 15 farm price.

Liverpool - The average decline in eleven different types of cotton in the Liverpool market from March 15 to April 17 amounted to 0.44 cents per pound. American middling and low middling declined 0.59 cents, Egyptian Sakel 0.41 cents, Uppers, 0.45 cents. Peruvian Tanguis declined 0.59 cents per pound during this period, while Mitafifi advanced 0.51 cents. The decline in East Indian ranged from 0.49 to 0.53 cents per pound.

Futures

From April 20 to May 20 the prices of futures contracts for American cotton made declines ranging from 1.13 cents to 1.37 cents per pound. The three principal markets, New York, New Orleans and Liverpool all moved fairly well together. In New York the declines ranged from 1.18 cents to 1.36 cents per pound, at New Orleans from 1.13 to 1.37 cents and at Liverpool from 1.26 to 1.34 cents per pound. With the exception of May contracts the active futures months in each market all made about the same decline. May contracts, however, in New York declined 0.11 cents per pound less than any of the other active months and in New Orleans 0.18 cents per pound less.

Stocks and movements

Apparent supply of American cotton in United States

The apparent supply of domestic cotton remaining in the United States on May 1 amounted to 8.6 million bales compared with 6.2 million bales on May 1 last year and 4.6 million bales two years ago. Due to larger exports during April this year than during April a year ago, and the fact that consumption was almost as great, the apparent supply remaining decreased 888,000 bales during April comparing with a decrease of 854,000 during April 1930. The decrease in the apparent supply during April was less than the decrease during March due to the fact that exports were about 214,000 bales smaller than in March.

World visible supply

The world visible supply of all cotton on May 15, 1931 was 8.6 million bales compared with 6.5 million and 5.7 million on the corresponding dates in 1930 and 1929, according to the Commercial and Financial Chronicle. The visible supply of American cotton was 6.1 million bales on May 15 this year, 3.8 million and 3.3 million bales the corresponding dates last year and the year before. This means the total visible supply on this date was 33 per cent

above a year earlier, American was 59 per cent greater, and foreign cotton was 5 per cent below. Port stocks of American cotton in Great Britain and on the Continent were 22 per cent above last year and port stocks in the United States were 103 per cent above the corresponding Friday in 1930. Stocks of Egyptian cotton in Alexandria are still a little over 100,000 bales above last year, but stocks of Indian cotton in Bombay were practically 300,000 bales below last year.

Stocks in consuming establishments, etc

Total stocks of raw cotton in consuming establishments in the United States on April 30, 1931 amounted to 1,370,000 running bales or a decrease of 108,000 bales during April and compares with 1,662,000 bales a year earlier. During April last year stocks in consuming establishments decreased 196,000. Not since 1924 have stocks in consuming establishments at the end of April been as low as this year.

Stocks of foreign cotton in consuming establishments decreased about 4,000 bales during April and at the end of the month amounted to about 81,000 bales compared with 107,000 bales twelve months earlier. Stocks of foreign cotton have shown a steady decline since the end of June last year. This of course is due to the tariff on staple cotton.

Stocks in public storage and at compresses

Stocks of all cotton in public storage and at compresses in the United States at the end of April totaled 6,034,000 running bales compared with 3,637,000 bales at the end of April 1930. These were the largest on record for this time of year, the records being available back to the 1912-13 season. Stocks in public storage and at compresses have been above any previous record for the corresponding dates ever since the end of July last year. Stocks of foreign cotton at these places at the end of April amounted to about 41,000 bales which is about 2,000 bales above a month earlier. This increase during April was due to the fact that imports were about 7,000 bales more than in March while consumption was about the same as in March.

Exports of domestic cotton

During April domestic exports amounted to about 392,000 bales compared with 605,000 bales in March, 350,000 in April 1930, and 448,000 in April 1929. Exports for the nine months ended April 30 amounted to 5,906,000 bales compared with 6,121,000 bales at the same time last season. This is a decrease for the season of about 215,000 bales or 3.5 per cent. Exports to Japan for the nine months totaled 1,024,000 bales or an increase of 9 per cent over the same period last season. Exports to France for the season have been 15 per cent above last season. Exports to other principal countries have been below last season.

Exports of cotton from India and Egypt

Exports of all cotton from India from April 16 to May 14 amounted to 238,000 bales compared with 263,000 bales during the same period last year. Total exports from August 1 to May 13 amounted to 2,781,000 bales

compared with 2,763,000 bales to the same date last season or an increase of about 1 per cent while exports to Japan and China during this period were about 15 per cent above last year and exports to Great Britain were 13 per cent above the 1929-30 season.

Exports of Egyptian cotton from Alexandria for the season to May 13 totaled about 706,000 running bales compared with 783,000 to the same date last year or a decrease of 9 per cent, according to the Commercial and Financial Chronicle. Exports to the Continent and India during this period totaled 470,000 bales or an increase of 16 per cent over last season.

Continental spinners takings of American cotton

Takings of American cotton by continental spinners for the four weeks ended about May 15 have been estimated at about 280,000 bales compared with 275,000 bales during the four weeks previous and 256,000 bales for the corresponding weeks in 1930. This brings the total takings for the season to May 15 to 2,943,000 bales which compares with 3,526,000 to this date last season or a decrease of 16.5 per cent.

Mill stock of cotton on February 1, 1931

Total world mill stocks of all kinds of cotton on February 1, 1931 amounted to 4,586,000 running bales compared with 4,931,000 bales one year earlier, or a decrease of 7 per cent, and were 13 per cent below February 1, 1929, according to the International Federation of Master Cotton Spinners and Manufacturers' Associations. These were the lowest stocks at mills at this time of year since 1925. Mill stocks of American cotton on February 1, 1931 totaled 2,427,000 bales, or 11.5 per cent below a year earlier and 18.0 per cent below two years earlier. Stocks of American cotton at the end of January this year were also smaller than at any year since 1925. Mill stocks of Indian cotton on February 1 amounted to 1,212,000 bales compared with 1,173,000 bales on the same date last year or an increase of 3.3 per cent, but 0.3 per cent below the same date in 1929. Mill stocks of Egyptian and Sundries were 9.8 per cent and 5.9 per cent respectively below those at the end of January 1930.

Stocks of American cotton on February 1, 1931 at mills in Great Britain, Germany, Italy and Japan were 15.6, 6.9, 20.5 and 16.5 per cent respectively below a year earlier. The mills in the United States had 12.4 per cent smaller stocks of American cotton than in 1930 and French mill stocks were 15.4 per cent above the same date in 1930. All other countries except Sweden reported stocks of American the same as or smaller than on February 1, 1931 than on the same date in 1930.

Mill stocks of Indian cotton were the same or smaller on February 1, 1931 than twelve months earlier in all countries except Great Britain, France, Spain, Switzerland, Holland, India and China. In these countries stocks were larger than on February 1, 1930. In all countries except India mill stocks of Egyptian cotton at the end of January this year were the same as or smaller than at this time last year. Stocks of Sundries cotton, however, were the same as last year or larger in fourteen of the twenty reporting countries.

Of the twenty-five countries reporting stocks of raw cotton of one kind or another, fourteen reported that total stocks of all cotton were lower in 1931 than in 1930, four the same as in 1930, and seven reported larger mill stocks.

Into sight, port receipts, mill takings, etc of American cotton

In April 358,000 bales of American cotton moved into sight compared with 457,000 in April 1930 and 555,000 in 1929, according to reports from the New Orleans Cotton Exchange and was the smallest movement for April since 1923. This brings the total into sight movement for the season to the end of April to 13,368,000 bales which is 7.2 per cent less than to the same date last season.

Mill takings in the United States and Canada in April amounted to 489,000 bales compared with 369,000 in March and 584,000 in April 1930. Total takings for the nine months were 4,817,000 bales, 1,428,000 bales or 22.9 per cent below the same time a year ago. Receipts at ports in April were about 25,000 bales less than in April 1930, but to the end of April the port receipts for the season were 442,000 bales more than last season. Overland movement both in March and April was above the movement in the same months in 1930, but to the end of April the total cotton which had moved in this manner during the season amounted to 805,000 bales compared with 1,082,000 bales last season, or a decrease of 25.6 per cent.

Textile situation

United States

The decline in cotton prices, the stock market and prices of other speculative commodities have no doubt been factors influencing the reduced sales of cotton textiles. Domestic consumption of raw cotton, however, continues to increase, consumption during April showing an increase of 18,000 bales over March. This increase of April over March compares with the 10-year average decrease of about 31,000 bales. Total domestic consumption in April amounted to 509,000 running bales and was only 23,000 bales below April 1930, according to the Bureau of the Census. Total consumption for the season to the end of April amounted to 3.9 million bales, 0.9 million bales or 19.6 per cent below the same period last season and 1.4 million or 26.5 per cent below the first nine months of the 1928-29 season.

Domestic trade in standard cotton cloth was less favorable in April than in the first three months of 1931. Sales and shipments amounted to 61.0 and 96.3 per cent respectively of production, which was slightly above March production. In March the ratio of sales and shipments to production was 108.7 and 116.8 per cent respectively. These ratios during February were even more favorable than in March. The decrease in sales and shipments resulted in an increase of 3.1 per cent in stocks and a decrease of 21.3 per cent in unfilled orders, while weekly sales during April averaged 41.7 per cent below March, 38.3 per cent below April, 1930 and were the lowest since June last year. It should be observed that sales fluctuate widely from month to month and that sales in April, during the past three years, have averaged 14.6 per cent or 10.8 million yards per week below those in

March. Total shipments and sales for the first four months of the year are both still about 9 per cent in excess of production and unfilled orders are still larger than the stocks on hand.

Great Britain

Reports from Great Britain during the past month showed that the demands from India and China continue poor and the boycott on British goods in India is still effective. In spite of the somewhat better trade in the home market and some of the smaller foreign markets sales of both yarn and cloth have fallen below production. Reports received on May 15 and May 22 from Great Britain indicate better demand for raw cotton and additional improvement in domestic demand for cotton cloth with more sales for India, China, Egypt, Africa and South America.

Exports of piece goods during April which amounted to 135.2 million yards were 1.2 million yards below March and 81.8 million yards or 37.7 per cent below April, 1930. During the past ten years, however, exports in April have averaged about 45.7 million yards below March. Total exports of piece goods for the nine months ending with April amounted to 1,295.0 million square yards compared with 2,493.2 million square yards during the corresponding period last season or a decrease of 48.1 per cent. Exports of cotton yarn in April amounting to 10.8 million pounds was the same as in March and 0.7 million pounds or 6.1 per cent below April 1930. Total yarn exports for the first nine months this season amounted to 95.8 million pounds compared with 115.6 million during the same period last season which was a decrease of 17.1 per cent.

Continental Europe 1/

The decline in the price of raw cotton and the action of the stock market have adversely affected the trade sentiment in both the cotton and cotton textile markets of Continental Europe. Spinners and weavers throughout the industry are complaining about sales. Customers are very cautious. Consequently textile activity has shown little or no pick-up on the Continent in general and in some sections activity has been reduced somewhat. Due to the lowness of cotton prices, however, there has been quite an important amount of intermittent buying and price fixing by spinners. Spinners takings for the four weeks ended April 17 totaled 275,000 bales compared with 210,000 bales for a like period ended March 20. Takings for the month ended May 15 is estimated at about 280,000 bales which is 24,000 bales above the corresponding period last season.

Germany

Sales of yarn and cloth in Germany during April made a slight seasonal improvement but was less than was expected. The production cartel which first went into effect on March 16 and was scheduled to run for six weeks has been extended for an additional six weeks which means that it is to remain in effect until the end of the first week in June unless it is again prolonged. The cartel controlled in the beginning only about 50 per cent of the spindles, but the plans now call for a stronger organization. Purchases of raw cotton at Bremen have been moderate during April with an occational important amount of price fixing.

1/ Based on cable dated May 11, 1931 from Attache L.V.Steere at Berlin.

The most recent index of cotton spinning and weaving mill activity in Germany was for the month of January, which is reported by the German Institute for Economic Research at Berlin. The index of spinning activity for January was 84 compared with 96 in December and 108 in January 1930. The index in January was the lowest since July 1926. Cotton weaving mill activity on the other hand, was higher during January than December, activity amounting to 65.6 per cent of a nine hour single shift capacity compared with 57.6 per cent in December and 71.6 per cent in January 1930. Spinning activity from August through January averaged 90 per cent compared with the average during the corresponding period last season of 103 per cent. Similar comparison in the weaving industry shows an average of 64.5 per cent of capacity this season compared with 71.3 per cent in 1929-30. A simple average of the two sets of indices which we have called cotton mill activity shows that the low point was reached in June 1930, the index being 74.5 per cent. During the first four months of the present season beginning August, the index of mill activity ranged between 77 and 79 per cent, in December it dropped to 76.8 per cent and in January to 74.8 per cent compared with the index of 89.8 in January 1930. The average for the six months ended January 1931 was 77.2 compared with an average of 87.0 in the corresponding period last season.

Imports of cotton yarn and woven materials into Germany during March amounted to 4.9 million pounds compared with 4.7 million in February and 7.8 million in March 1930. Total imports for the eight months ended March 1931 were 42.9 million pounds, 14.3 million pounds or 26.8 per cent below the corresponding period last season. Imports of cotton yarn into Germany for the season to the end of March were 27 per cent below the 1929-30 season while imports of woven material were 7.2 per cent below.

Czechoslovakia and Austria

The cotton textile situation in these two countries during April was reported to have been unsatisfactory. No definite information as to the situation existing since February has been received. Exports of unbleached cotton yarn from Czechoslovakia in February, which totaled 3.0 million pounds were 33,000 pounds above January but 1.2 million pounds below February 1930. Total exports for August through February amounting to 27.3 million pounds were only 2.6 million pounds or 8.8 per cent below the same period last season.

In Austria spinning mill activity during last December amounted to 77 per cent of full capacity compared with a low of 68 per cent in July and was only 1 per cent below activity during December 1929. The average activity for the first five months of the season amounted to 80 per cent of capacity, compared with activity of only 76 per cent during the five months August-December 1929. Exports of cotton yarn to Germany during this period, however, amounted to only 173,000 pounds compared with 300,000 pounds during the same period the previous season or a decrease of 42.3 per cent.

France

In France the cotton textile industry was reported quiet during April. The northern mill centers reported few orders due to price cutting in other sections. There was, however, a considerable amount of purchasing of raw

cotton and also an increased amount of price fixing. The index of cotton mill activity in France last December at 80 was 8 per cent above last July, but was 4 per cent lower than in December 1929. The average index during the first five months of the season was 79 compared with an average of 82 for five months August through December, 1929.

Italy

The situation in Italy continued depressed during April with stocks of yarn and cloth still above last year. In spite of the much reduced spinning and weaving mill activity, new sales and unfilled orders on the other hand, are below last year.

Spinning mill activity during February which amounted to 69.1 per cent of capacity was 4.0 per cent above the low of last July but 22.2 per cent below February 1930 and was also slightly below the two preceding months. Weaving mill activity in Italy made its low in August, activity amounting to 64.3 per cent during that month and steadily increased until in December activity was 71.5 per cent of capacity. In February activity had declined to 67.2 per cent. The average spinning mill activity for the seven months ended February was 69.2 per cent compared with an average of 94.1 per cent last season. Weaving mill activity for the same period this season averaged 67.2 per cent compared with 89.4 per cent in the 1929-30 season. Activity both in the spinning and weaving mills is now reported to be down to the autumn level which means 1 or 2 per cent below the activity in February.

Poland

For some time attempts have been made to reorganize the spinners cartel in Poland. In April the reorganization took place and now 89 per cent of all spinners are included in the cartel and it is expected that the Government will force others in. Activity in April was 118 per cent of a single shift capacity. For two or three months a high rate of activity has been maintained in the large mills in face of small sales and increasing stocks in an attempt to force outsiders into the cartel. With such a large percentage of the spindles now in the cartel it seems likely that mill activity will be curtailed.

Japan

The parity between American and other cotton in Japan continues favorable for the consumption of American cotton according to a radio message from Consul General Dickover at Kobe on May 1. Demand for medium count yarns was fair during April, but not as good as in March. Imports of American cotton during March amounted to about 150,000 bales, but due to the decline in the prices of spot cotton it appears that sales to mills both in March and April have been below imports. Imports of Indian cotton during April totaled 196,000 bales. The total visible stocks of all cotton in Japan at the end of March which amounted to about 445,000 bales was smaller than on the same date last year and the year before when stocks were more than 454,000 and 503,000 bales respectively.

During March there was a distinct revival of demand for yarn by the Japanese weavers which together with the artificial scarcity produced by curtailed output caused yarn prices to advance to relatively high and abnormal levels. This resulted in a considerable amount of imports of Chinese yarn in Japan. This was no doubt a factor in the reduction of the nominal rate of curtailment from 34 per cent to 30.8 per cent which became effective April 1. The March revival was followed by a less active demand for yarn in April which together with the decline in cotton prices, increased output and the prospects for an additional increase of 5.8 per cent effective July 1 caused yarn prices to decline. Yarn production in March amounted to 79. 1 million pounds or 0.1 million pounds below February and 9.8 million pounds below March, 1930. In spite of the increased sales of yarn during March visible stocks at the end of March showed a slight increase over the previous month. Cloth exports during March amounting to 128.5 million square yards was slightly above February.

Business during the latter half of 1930 was unfavorable in most of the sixty companies of the Japan Cotton Spinners Association. According to a recent report by this Association thirty-eight companies reported a loss, forty-six no dividend, fourteen reported 7.6 per cent or 1.4 per cent lower than they were for the first half of 1930. There were, however, 200,000 new spindles purchased by these mills, during the first quarter of 1931.

A recent radio message (May 26) from Consul Donovan at Kobe reports that the relation of prices of American to other cottons continues to favor the consumption of American, but that the demand for medium and high count yarns was not especially active in April. Yarn futures prices declined during the month and prices of spot yarn made an even greater decline partly as a result of the increased production. The production of yarn in April amounted to 82.4 million pounds, an increase of 4.2 per cent over March, but was 10.3 per cent below April, 1930. The visible stocks of yarn at the end of April amounted to 4.3 million pounds compared with 3.1 million at the end of March and 17.6 million pounds at the end of April, 1930. Since the end of April both the yarn and piece goods markets have shown some improvement. Imports of Chinese yarns during April were smaller than in March and the margins existing on or about May 26 made purchases of Chinese yarn unprofitable. Exports of cloth during April amounting to only 98.9 million square yards were 29.6 million square yards or 23.0 per cent below March and compares with 130.9 million square yards in April last year. This decrease compared with March was due to high prices asked by Japanese weavers following the sharp increase in domestic demand during March and April.

Imports of American cotton in April amounted to 164,000 bales or an increase of about 14,000 bales over March while imports of Indian cotton into Japan during April amounting to 189,000 bales were slightly less than during March. Visible stocks of all cotton at the end of April totaled 549,000 bales or about 104,000 bales above a month earlier. While these large stocks are reported to be in fairly strong hands which has helped to maintain prices the trend of prices was downward during the last part of April and the first three weeks of May.

China

The Japanese mills in China are increasing their spindles for higher count yarns in view of the firm demand and larger outlet for these yarns during the past two months. This of course, is favorable for American cotton. The yarn market in China was reported on May 12 by Agricultural Commissioner Dawson at Shanghai to be uneasy due to political uncertainties, but was stronger than in previous weeks. Operations in the cotton mills of China continue active with future operations depending to a considerable extent upon the yarn market.

Production, acreage and crop condition reports

United States

The revised estimate of the 1930 crop - The Crop Reporting Board of this Bureau released on May 20 the revised estimates of the acreage, yield, and production of the 1930 crop. The revised area in cultivation in the United States on July 1, 1930 is given as 46,078,000 which is a decrease of 989,000 acres or 2.1 per cent from the acreage in cultivation July 1, 1929. The area picked in 1930 was estimated at 45,091,000 acres or an abandonment of 2.1 per cent compared with a 2.7 per cent abandonment after July 1 in the 1929 acreage.

The average yield per acre is placed at 147.7 pounds which is 2.1 per cent or 3.1 pounds lower than the December estimate. The yield of the 1929 crop was 155.0 pounds per acre and of the 1928 crop 152.9 pounds. This was the lowest yield per acre since the 1923 crop when the yield was estimated at 130.6 pounds per acre. More than half of the reduction in yield in 1930 was due to deficient moisture or drought. Reduction from full yield due to various causes was estimated to have been 47.1 per cent compared with 43.8 per cent for the previous crop. Deficient moisture was responsible for 27.7 per cent of this reduction compared with a reduction of 10.8 per cent and 4.4 per cent in 1929 and 1928 respectively. This was the greatest percentage loss attributed to drought in the twenty years for which the reports have been made. In 1925 and 1918 deficient moisture was an important factor in reducing yields and the percentage reduction was estimated at 25.1 and 23.8 per cent respectively.

The boll weevil damage in 1930 was very low with the reduction in yield reported at 5.0 per cent compared with 13.3 per cent in 1929 and 14.1 per cent in 1928. With the exception of 1925 the loss from boll weevil in 1930 was less than in any year since weevil invasion of the Cotton Belt was completed.

The 1931 crop - The weather in the Cotton Belt so far this season has not been very favorable for the 1931 crop. The abnormally cool weather has retarded germination and necessitated considerable replanting. During the latter part of the week ended May 19, however, weather conditions were considered more favorable.

Sales of fertilizer tags in the South for the five months ended April 30 were 28.6 per cent below this period last season and 26.8 per cent below two years ago. On the average in recent years tag sales during this five months period have averaged about 86 per cent of the sales for the season. In Alabama, Mississippi, Arkansas, Louisiana and Texas fertilizer sales have been 40 per cent or more below last season.

Russia

Cotton planting in Russia has apparently been making rapid progress and plantings to May 1 are reported to be much above plantings to the corresponding date last year, according to a recent cable from Agricultural Attache Steere at Berlin. This is an increase of 67 per cent over last year. The State Planning Board of Russia has planned that about 5,683,000 acres be

planted in cotton this year which is an increase of 48 per cent over the 3,840,000 actually planted in 1930. Early plantings are reported to have made good growth.

Egypt

Total ginnings of all cotton in Egypt for 1930-31 season to May 1 amounted to 1,380,000 bales of 478 pounds which includes 32,000 bales of low grade cotton. This is the first time ginnings statements up to May 1 have been received. During the 1928-29 and 1929-30 seasons the latest ginnings report was for ginnings up to April 1 and in both these years ginnings to that date were 90 per cent of the final production estimate. The latest official estimate of production for this season was made in December and placed the crop at 1,697,000 bales. It is evident that ginnings this year are running considerably behind the two previous years, or that the estimate for the crop is too high because ginnings to April 1 amounted to only 76 per cent of the total estimate and ginnings to May 1 to only 79 per cent, whereas in the past two years ginnings to April 1 were 90 per cent of production. Of the total ginnings up to the first of May, Sakellaridis amounted to about 334,000 bales and other varieties to 1,014,000 bales.

Anglo-Egyptian Sudan

Last month it was pointed out that the official estimate of the 1930-31 Sudan crop which was released on April 2 amounting to 113,000 bales was 58,000 bales below the December 1 estimate. On May 20 Cotton Specialist, P. K. Norris at Cairo cabled that the Sudan Government had reported that the final yield for the Sudan crop was about 102,000 bales of 478 pounds or 9,000 bales below the April estimate. The latest estimate for the 1929-30 crop is 139,000 bales. This was a reduction of about 41 per cent of the 1929-30 crop which was due largely to two diseases known as 'leaf curl' and 'black arm'.

Union of South Africa

The 1930-31 crop in the Union of South Africa has been reduced due to insufficient moisture according to Trade Commissioner Taylor. Early estimates of the crop placed the production at 12,000 bales of 478 pounds whereas a recent estimate which was received by cable from Agricultural Commissioner Taylor on May 20 places the crop at 8,000 bales. The 1929-30 crop was estimated to have been about 13,000 bales. This is a reduction of 38.5 per cent.

Miscellaneous news

Government reports for 1931 American crop

The following table gives the dates and subject of future Government reports on cotton for the crop of 1931 which will be of interest to many. This includes reports of both the Bureau of the Census and the Department of Agriculture.

Table 1.-Government cotton reports: Dates and subject for the 1930 American crop

Date	Day	Subject	Report made up to
1931			
July 8	Wednesday	Acreage of cotton in cultivation	July 1
Aug. 8	Saturday	Ginnings, condition and probable production and acreage abandoned	Aug. 1
Aug. 24	Monday	Ginnings	Aug.16
Sept. 8	Tuesday	Ginnings, condition and probable production	Sept.1
Sept.23	Wednesday	Ginnings	Sept.16
Oct. 8	Thursday	Ginnings, condition and probable production	Oct. 1
Oct. 26	Monday	Ginnings	Oct. 18
Oct. 30	Friday	Grade, staple length and tenderability of cotton ginned	Oct. 1
Nov. 9	Monday	Ginnings and probable production	Nov. 1
Nov. 21	Saturday	Ginnings	Nov. 14
Nov. 27	Friday	Grade, staple length and tenderability of cotton ginned	Nov. 1
Dec. 8	Tuesday	Ginnings, probable production and acreage abandoned	Dec. 1
Dec. 21	Monday	Ginnings	Dec. 13
Jan. 8		Grade, staple length and tenderability of cotton ginned	Dec. 1
Jan. 23		Ginnings	Jan. 16
Feb. 12		Grade, staple length and tenderability of cotton ginned	Jan. 16
Mar. 21		Ginnings	Final report
Apr. 15		Grade, staple length and tenderability of cotton ginned	Final report for total crop.

National cotton week announced

The first week in June will be celebrated throughout the nation as "National Cotton Week" according to plans formulated recently following a conference between the Secretary of Commerce, the Secretary of Agriculture, the president of the American Cotton Manufacturers Association, and the president of the Cotton-Textile Institute.

Cotton is now selling at the lowest price level for 15 years, reflected in current retail prices of merchandise, and the improvements in styling and designing by the cotton mills in the United States during the past eighteen months are said to excel the aggregate improvements of the preceding 18 years. These two facts will be stressed in the plan to stimulate consumer interest

in cotton products. It is felt that a stimulation of consumer interest in such an important commodity as cotton will contribute to a general buying movement in this and other commodities.

It is estimated that 5 million American adults and 5 billion dollars in capital are employed in the production, manufacture and distribution of American grown cotton, and that approximately 12 million persons in the United States get their living directly from cotton and cotton products.

The Cotton Textile Institute is the clearing house for information in connection with "National Cotton Week" and will be assisted by the many trade association and cooperative selling agencies identified with the growing, shipping, manufacture and distribution of cotton.

Table 2. - World mill stocks of cotton by growths on August 1 and February 1, 1920-21 to 1930-31

Season	American		East Indian		Egyptian		Sundries		Total	
	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	1/	2,055	1/	1,168	1/	175	1/	246	1/	3,644
1921-22	2,350	2,768	1,760	1,459	181	194	401	602	4,692	5,023
1922-23	2,375	2,804	1,805	1,209	211	204	677	634	5,068	4,851
1923-24	1,693	2,369	1,623	1,030	220	221	396	468	3,932	4,088
1924-25	1,327	2,369	1,592	738	188	197	467	655	3,574	3,959
1925-26	1,833	2,862	1,599	915	181	200	654	671	4,267	4,648
1926-27	1,969	2,982	1,589	829	201	173	739	771	4,498	4,755
1927-28	3,056	2,867	1,515	969	210	183	626	863	5,407	4,882
1928-29	2,112	2,958	1,728	1,216	170	182	777	938	4,787	5,294
1929-30	2,129	2,742	1,761	1,173	228	224	745	792	4,863	4,931
1930-31	1,985	2,427	1,667	1,212	237	202	609	745	4,498	4,586

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Not reported.

Table 3. - America 1/: Mill stocks of cotton by growths on August 1 and February 1, 1920-21 to 1930-31

Season	American		East Indian		Egyptian		Sundries		Total	
	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1	Aug.1	Feb.1
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	1,268	1,250	4	5	96	58	169	148	1,537	1,482
1921-22	1,269	1,638	8	4	48	45	65	211	1,391	1,898
1922-23	1,155	1,958	6	3	43	43	212	168	1,416	2,172
1923-24	1,009	1,558	9	5	62	46	120	89	1,200	1,728
1924-25	650	1,408	15	8	34	35	127	143	826	1,594
1925-26	818	1,815	12	8	34	31	157	165	1,021	2,019
1926-27	1,048	1,858	10	8	45	33	156	104	1,259	2,003
1927-28	1,394	1,678	4	6	41	41	180	138	1,619	1,863
1928-29	984	1,802	5	9	33	32	132	122	1,154	1,965
1929-30	995	1,814	14	18	62	49	145	93	1,216	1,974
1930-31	1,098	1,578	21	16	65	46	92	78	1,276	1,718

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Includes United States, Canada, Mexico, Brazil.

Table 4. - Europe 1/: Mill stocks of cotton by growths on August 1 and February 1, 1920-21 to 1930-31

Season	American		East Indian		Egyptian		Sundries		Total	
	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21 2/										
1921-22	811	740	221	184	108	113	145	130	1,285	1,167
1922-23	838	637	242	169	137	132	272	144	1,489	1,082
1923-24	496	578	239	193	133	148	108	120	976	1,039
1924-25	500	755	313	122	127	141	164	184	1,104	1,202
1925-26	787	840	329	186	128	146	328	299	1,572	1,471
1926-27	663	842	242	134	124	120	341	461	1,370	1,557
1927-28	1,080	845	179	166	139	116	278	412	1,676	1,539
1928-29	792	783	290	248	116	136	340	439	1,538	1,606
1929-30	730	703	342	300	143	152	299	363	1,514	1,518
1930-31	629	652	418	305	153	128	203	337	1,403	1,422

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
1/ Includes Great Britain, Germany, France, Russia, Italy, Czechoslovakia, Belgium, Spain, Poland, Switzerland, Holland, Austria, Sweden, Portugal, Finland, Hungary, Denmark, Norway. 2/ Comparable data not available.

Table 5. - Asia 1/: Mill stocks of cotton by growths on August 1 and February 1, 1920-21 to 1930-31

Season	American		East Indian		Egyptian		Sundries		Total	
	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21 2/										
1921-22	264	390	1,528	1,271	21	27	186	256	1,999	1,944
1922-23	321	206	1,557	1,037	31	26	180	304	2,149	1,573
1923-24	185	203	1,375	829	22	22	143	250	1,725	1,304
1924-25	173	201	1,261	596	22	18	168	315	1,624	1,130
1925-26	219	196	1,256	713	16	21	161	195	1,632	1,125
1926-27	250	269	1,329	683	30	17	212	179	1,821	1,148
1927-28	572	331	1,329	789	27	24	137	275	2,065	1,419
1928-29	327	349	1,429	948	19	10	262	307	2,037	1,614
1929-30	390	219	1,395	851	19	17	241	298	2,045	1,385
1930-31	247	192	1,192	885	15	24	281	278	1,735	1,379

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

1/ Includes India, Japan, and China.

2/ No reports for India and China in 1920-21.

Table 6. - Great Britain: Mill stocks of cotton by growths on August 1 and February 1, 1920-21 to 1930-31

Season	American		East Indian		Egyptian		Sundries		Total	
	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1	Aug. 1	Feb. 1
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920-21	284	241	11	18	108	70	33	19	436	348
1921-22	230	200	14	8	64	60	27	36	335	304
1922-23	183	152	14	14	71	63	43	40	311	269
1923-24	104	115	29	19	69	78	35	39	237	251
1924-25	83	132	28	19	60	57	34	40	205	248
1925-26	131	135	31	18	52	66	38	48	252	267
1926-27	120	127	32	13	45	41	45	63	242	244
1927-28	122	99	17	11	44	36	74	69	257	215
1928-29	79	91	24	16	43	46	58	56	204	209
1929-30	71	77	24	24	41	47	41	88	177	236
1930-31	57	65	38	29	35	33	57	51	187	178

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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July 25, 1931

AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF AGRICULTURE

WORLD COTTON PROSPECTS

(June and July)

Summary

During the early part of June cotton prices declined to new low levels for the season. Then, on the strength of weather conditions, the debt moratorium proposal and the rising stock market, they advanced almost 2 cents per pound by July 3. Half of this advance was lost by July 17, however, due in part at least to European financial difficulties. The world visible supply of American cotton was 63 per cent larger than it was a year ago, but is decreasing more rapidly now than it did then. The decrease in stocks in public storage and at compresses during May and June was also considerably above the decrease during 1930. Exports in both May and June were above last year bringing the total for the eleven months to only 13,000 bales below the corresponding period last season.

Although cotton consumption in the United States during May adjusted for seasonal declined about 3 per cent, sales of cotton cloth showed a substantial increase. In June cotton consumption was 10,000 bales below May compared with a 5-year average decrease from May to June of 41,000 bales and was 50,000 bales above June 1930. Sales of standard cotton cloth in June made a very marked increase, being 78 per cent above May and 119 per cent above June 1930 which resulted in an increase of 33 per cent in unfilled orders during the month.

In most foreign countries during the latter part of June the yarn and cloth markets were favorable affected by the advance in the price of raw cotton and the postponement of the war debt payments, but financial difficulties in Europe and declining cotton prices in the first half of July have been

disturbing factors. Many countries, however, even during the last of June, continued to complain of restricted business and report that the spring months showed less than the usual seasonal revival in certain lines of trade. In the Orient conditions about the middle of June were more favorable to the consumption of American cotton with production of a larger proportion of high count yarns in China and further improvement in the parity of American cotton in Japan.

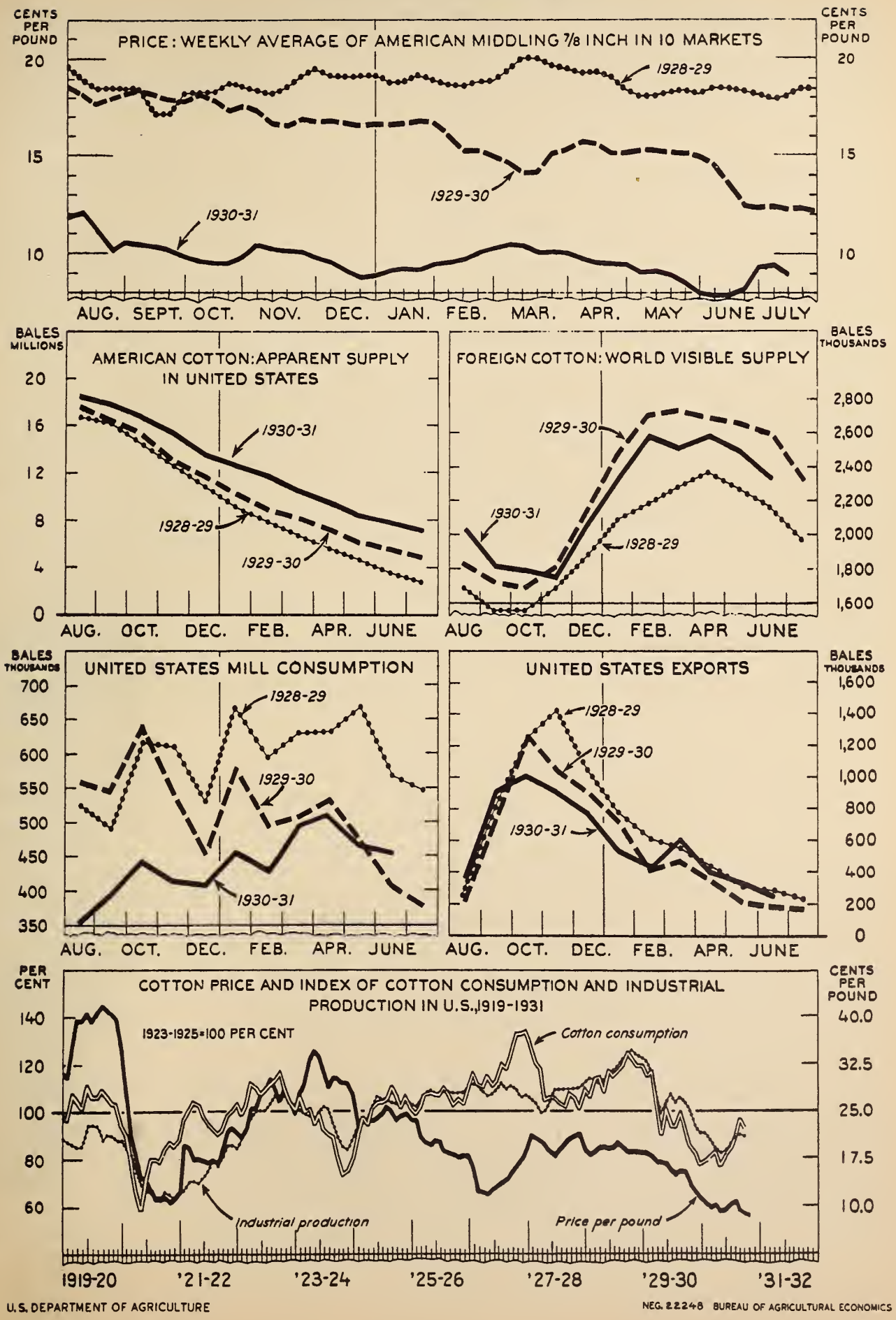
The acreage in cultivation on July 1 in the United States was estimated to be 10 per cent below last year, fertilizer tag sales for the season were about 30 per cent below last season, and weather conditions up to that time had not been favorable on the whole. About the first of July the Egyptian Government reported that the discharge of the Nile was the lowest in twenty years and that only close cooperation of the growers and the Government would avert a serious water shortage. In China spring rains have been favorable to the planting of the new crop in the northern area and it is expected that there will be considerable acreage increase, but stocks of old cotton are low. In Russia the cotton planting campaign was reported by the Soviet Government to have exceeded the "plan" and on June 20 plantings were practically complete, about 5.8 million acres having been planted which represents an increase of about 50 per cent over the 1930-31 acreage.

Prices

Spots

On June 9 the average price of spot cotton in the 10 markets declined to 7.62 cents per pound, a new low for the season and the lowest average for these 10 markets since August 16, 1915 when the average price of these markets was first compiled. Since June 9 cotton prices have strengthened considerably and on July 3 the average in the 10 markets was 9.71 cents. The average price in the 10 markets for the week ended July 4 was 9.50 cents per pound or 161 points above the average for the week ended June 6. This strengthening in cotton prices was influenced by somewhat unfavorable weather

THE COTTON PROSPECT



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conditions in the South during this period, the rise in the stock market, and a more optimistic feeling among speculators and members of the trade as to the outlook for general business and international trade arising out of the President's debt moratorium proposal. After the first three days in July a reaction took place due, in part at least, to the financial difficulties existing in Europe and on July 16 cotton prices in the 10 markets averaged 8.71 cents per pound, or 1 cent below the average on July 3.

The average price received by producers in the United States on June 15 was 7.7 cents per pound, 1.1 cents per pound below May 15 and compares with an average of 14.0 cents on June 15, 1930, and 17.9 cents on June 15, 1929. This was the lowest price received by producers in the United States on the 15th of the month since February, 1915. During the 1914-15 season prices received by domestic producers averaged only 7.4 cents per pound for the whole season.

In Liverpool prices of the most important growths of spot cotton made net advances of 3 to 17 per cent from June 19 to July 17. The greatest percentage increase was made in Indian cotton, the average advance of three types being 14 per cent. Medium quality cotton such as American middling 7/8 inch, Brazilian, Ceara and Sao Paulo advanced 9 per cent while the average advance for Peruvian Tanguis, Egyptian Uppers and Sakel was 6 per cent. This greater advance in Indian cotton as compared with American, increases the competitiveness of American cotton. About the middle of June Indian cotton in Bremen was selling at the highest prices relative to American since 1927-28 and following this development it was reported that buying of Indian cotton was limited as a result of the high relative prices. This price relationship in Bremen was even more favorable for the sale of American cotton about the middle of July if the movements of Bremen prices have corresponded to those in Liverpool.

Stocks and movements

Apparent supply remaining in the United States

Since both exports and consumption during June were larger than in June 1930, the apparent supply of American cotton remaining in the United States decreased more in June 1931 than in June 1930. The decrease in June amounting to 700,000 bales compared with 571,000 bales in June last year. The 7.1 million bale supply remaining in this country, however, is about 2.1 million bales or 42 per cent above a year earlier and 4.3 million bales above the apparent supply existing on the first of July 1929.

World visible supply

The total visible supply of all cotton on Friday, July 10, amounted to 7,489,000 running bales compared with 5,640,000 bales and 4,129,000 bales on the corresponding dates of 1930 and 1929, respectively, according to the Commercial and Financial Chronicle. The visible supply showed a decrease of 569,000 bales during the past four weeks. The decreases during the corresponding four weeks last year and the year before were 532,000 and 730,000 bales respectively. While the total visible supply of all cotton on July 10 was 1,849,000 bales or 33 per cent above a year earlier the supply of foreign

cotton was 121,000 bales or 5 per cent below a year ago, but was 249,000 bales above the corresponding date in 1929. Stocks of Indian cotton at Bombay on July 10 were about 274,000 bales below and stocks of Egyptian cotton at Alexandria about 145,000 bales above the corresponding date in 1930. The visible supply of American cotton which on July 10 amounted to 5,117,000 bales was 63 per cent above one year ago and 155 per cent above the same date in 1929. The visible supply of American cotton, however, decreased 490,000 bales during the four weeks ended July 10, 1931 compared with 372,000 bales during the corresponding period last year.

Stocks in consuming establishments

Total stocks of raw cotton in domestic consuming establishments at the end of June amounted to 1,130,000 running bales compared with 1,357,000 bales a year earlier or a decrease of 17 per cent. This brings stocks in consuming establishments to the lowest level since the end of September, 1930 and the lowest for the corresponding date since 1925.

Stocks of foreign cotton in consuming establishments very often increase at this time of year, but during May and June this year they decreased about 6,000 bales and on June 30 amounted to 74,000 bales compared with 142,000 bales one year earlier.

Stocks in public storage and at compresses

On June 30, 1931, total stocks of all cotton in public storage and at compresses in the United States amounted to 4,971,000 bales, 1,865,000 bales or 60 per cent above June 30, 1930 and 261 per cent above the same day in 1929, according to reports of the Bureau of the Census. These stocks records are available back to 1913 and in no time previously have they been above 4,300,000 bales at this time of year, this having been the record for June 30, 1921. The decrease in stocks in public storage and at compresses during June amounted to 523,000 bales compared with a decrease of 274,000 bales in June 1930 and 469,000 bales in June 1929.

Exports of domestic cotton

Domestic exports of raw cotton in June totaled about 255,000 running bales compared with 336,000 bales in May, 185,000 in June 1930 and 299,000 bales in June 1929, according to reports of the Bureau of the Census. This brings total exports for the eleven months ended June 30, 1931 to 6,501,000 bales which is only 13,000 bales, or less than 1 per cent, below the corresponding period last season. June exports were 80,000 bales below May whereas during the past five years exports in June have averaged 90,000 bales below May. Exports to the United Kingdom, Italy, Germany, and Japan were higher during June this year than in June 1930.

Exports of cotton from India and Egypt

For the four weeks ended July 9, 1931 total exports from India amounted to 200,000 bales compared with 196,000 bales and 223,000 bales during the corresponding four weeks periods in 1930 and 1929, respectively, according to the Commercial and Financial Chronicle. Total exports from India from August 1 to July 9 which amounted to 3,212,000 running bales were 4,000 bales, or

less than 1 per cent, above a year earlier, but slightly below the same period in the 1928-29 season. Exports from India to Great Britain and also to Japan and China so far this season, have been above the 1929-30 and 1928-29 seasons while exports to the Continent have been below the two previous seasons.

Exports from Alexandria for the four weeks ended July 8, 1931 amounted to 66,000 bales according to the Commercial and Financial Chronicle. During the corresponding weeks in 1930 and 1929 exports from Alexandria were 28,000 and 271,000 bales respectively. For the 1930-31 season up to July 8 exports from Alexandria have totaled 833,000 bales, 15,000 bales, or 2 per cent, below the corresponding period last season and 406,000 bales or 33 per cent below the 1928-29 season. Exports of Egyptian cotton to the Continent and India so far this season, however, have been above both the 1929-30 and 1928-29 season.

Continental spinners takings of American cotton

Takings of American cotton by spinners of Continental Europe during the four weeks ended about June 12 amounted to 241,000 bales compared to 245,000 bales during this period last year. In the three years previous takings ranged from 361,000 to 443,000 bales during this four weeks period. Takings from August 1, 1930 to June 12 this year were about 644,000 bales, or 17 per cent, below last year and more than 1,100,000 bales, or 29 per cent, below the same period in 1928-29.

Textile situation

United States

Domestic consumption of raw cotton during May, amounting to 466,000 running bales, was 43,000 bales below April and 8,000 bales below May 1930, according to the Bureau of the Census. During the past ten years domestic mill consumption for May has averaged practically the same as in April. The index of cotton consumption, therefore, adjusted for seasonal variation, declined from 96 in April to 93 in May. Consumption during June was 455,000 bales, 11,000 bales below May, but 50,000 bales above June 1930. During the past five years June consumption has averaged 41,000 bales below May. The total consumption for the season at the end of June amounted to 4,820,000 bales, compared with 5,727,000 bales during the same period last season and 6,544,000 bales in the 1928-29 season, or a decrease this season compared with the two previous seasons of 16 and 26 per cent.

The production of standard cotton cloth during May averaged 56.3 million yards per week compared with 56.5 million yards a week during April, according to the report of the Association of Cotton Textile Merchants of New York. This decrease of only 0.2 million yards under April compares with an average decrease of 4.5 million yards in the three years 1928-1930. Sales of cotton cloth during May showed an increase of 5.6 million yards per week over April, the average weekly sales in May amounting to 40.0 million yards. Both production and sales during May this year were above May 1930. In view of the fact that during the past three years sales in May have averaged 14.6 million yards or 23.0 per cent below April, the month as a whole was fairly satisfactory although stocks increased 7.0

per cent and unfilled orders decreased 13.5 per cent during the month. Shipments declined during May, the weekly average for the month amounting to 51.4 million yards compared with 54.4 million in April.

During June production of standard cotton cloth on a weekly basis decreased 4.3 million yards or 7.7 per cent compared with May, averaged 2.4 million yards per week above June 1930, and was the lowest since last January. The average decrease in production during June compared with May was less than 0.1 million yards per week during the past three years. Sales in June, however, during these three weeks averaged 3.3 million yards per week above May, but in June this year sales on a weekly basis were 31.2 million yards or 78 per cent above May, 38.7 million yards or 119 per cent above June 1930, 36.8 per cent above production and were the largest with the exception of February since September 1930.

Shipments in June were likewise above May averaging 54.8 million yards per week, 6.6 per cent above May, 20.0 per cent above June 1930 and was 5.3 per cent above production. The increase in sales and shipments and the decrease in production resulted in an increase of 33.0 per cent in unfilled orders and a decrease of 4.5 per cent in stocks. Not since September 1928 has there been as large a percentage increase in unfilled orders in one month as during June.

Great Britain

The British cotton textile industry showed no significant improvement during May and June although reports for the latter part of June state that the yarn, cloth, and raw cotton markets were all favorably affected by the proposed postponement of the war debt payments and that there was a larger demand for cloth and yarn both from the domestic market and the foreign markets, but exports of piece goods were even lower in June than in May. Exports of piece goods from Great Britain during May totaled 141.5 million square yards and were 6.3 million square yards, or 4.7 per cent, above April, but 76.6 million square yards, or 49.7 per cent, below May, 1930. During the past ten years exports of piece goods during May have averaged about 21 million square yards, or 7.1 per cent above April. In June exports of cotton piece goods totaled 132.8 million square yards, a decrease of 8.7 million square yards under May. Total exports of piece goods for the season August through June amounted to 1,569.3 million square yards, 1,300.7 million square yards, or 45 per cent, below the corresponding period last season. This decrease in exports of piece goods from Great Britain was due largely to the decline in exports to India. As has been pointed out before, the great decline in exports to India is to be attributed to the Indian boycott on foreign cloth, the increase in tariff rates, and poor business conditions. Exports to practically all foreign countries have declined, but since India takes about 40 per cent of the total British exports whereas the next largest consuming country takes only about 5 per cent, factors affecting exports to India are by far the most important individually from the standpoint of the British cotton textile industry. Exports to India from January through May, 1931, totaled 175.6 million square yards compared with 552.8 million square yards in the same period last year, a decrease of 377.2 million square yards or 68 per cent. Exports to all countries during the first five months this year totaled 715.1 million square yards, 46.2 per cent or 614 million square yards below the same period in 1930.

Early July reports state that demands from India for certain types of cloth were better and that business with China, Africa, and South America was fairly active. Later reports indicate that the yarn turnover is small and cloth business is disorganized by the German situation.

Continental Europe 1/

The continental cotton situation was dominated during May by a further decline in raw cotton prices and by general pessimism in the cotton trade. The drop in raw cotton prices to new low levels was reflected in renewed reluctance of continental spinners to make new commitments in raw material. Nevertheless, the opinion in cotton mill and trade circles appeared to be quite general that the recession in cotton prices during May and early June was due chiefly to the decline in the stock markets and to general economic pessimism because of budgetary and other problems in several important countries, rather than to cotton supply and demand factors. Many observers felt that crop prospects were largely lost sight of in the market movements during this period. During the latter part of June a more hopeful tone developed as a result of the improvement in the raw cotton market and, in general, economic sentiment incident to the Hoover debt moratorium proposal. There is little doubt, however, that the recent financial difficulties in Germany and some of the other European countries has had a depressing effect on economic sentiment and was a contributing factor to the recent reaction in cotton prices.

The reluctance of continental spinners toward new purchases and price fixing of raw cotton during May was most evident during the first half of the month, when the fall in prices was largely attributed to stop-loss selling and voluntary liquidation of longs. As the recession continued during the second half of the month, spinners, especially in Central Europe, began to regain confidence and to take advantage of the unexpectedly low level of raw prices by placing larger fixing orders and making new purchases of cotton for the summer months and even into the fall. If it were not for the acute depression existing and the limited financial resources of many firms, it appears that investment buying of raw cotton, particularly by Central European spinners, would have assumed much greater proportions.

Spinner and weaver sales of cotton yarn and cotton cloth on the Continent continued rather unsatisfactory in May notwithstanding some seasonal improvement in parts of Central Europe. Prices also remained unsatisfactory as a result of the very keen competition existing. Business in France has also become unfavorable, with the general strike in the Roubaix-Tourcoing textile mills contributing to difficulties. Spinning and weaving mill activity on the whole increased during March and April, especially in Central Europe, as indicated in our previous reports.

Spinner and weaver sales as well as spinning and weaving mill activity must be regarded as having continued unsatisfactory during June with orders remaining small over most of the Continent in spite of the psychological effects

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1/ Based primarily on reports from Agricultural Attaché L. V. Steere at Berlin.

of the debt moratorium. There was some slight improvement, however, in bookings in parts of Central Europe, particularly Germany, and at certain points in Italy, in the latter country, however, only during the last few days of the month. It is thought that the mill activity in Europe as a whole during June was about unchanged compared with May which was perhaps a little below April.

Germany

Conditions in the German cotton textile industry improved only slightly in May as compared with the previous two months, and this improvement was largely of seasonal character. Sales of both spinners and weavers became somewhat more active, especially in Saxony. Spinning mill activity rose to an important extent during March and April, but remained materially below any of the past several years, except the extremely low levels of 1926, when depression was also acute. Weaving mill activity has fluctuated recently around more stable levels. In June the situation remained unsatisfactory, although there was a significant improvement in new business in the latter part of June. The July decline in raw cotton prices and the recent financial difficulties have been disturbing factors.

The spinning and weaving mill activity in the German cotton textile industry as reported by the German Institute for Economic Research is now available through April. As stated in our last report the index of spinning mill activity in January was 84 (activity from July 1924 to June 1926 = 100). In February the index advanced to 87, in March to 91 and in April to 98. This was the highest rate of activity in the spinning mills of Germany since May 1930, but was still 19 per cent below April 1930. Operations in these mills so far this season have averaged 90 per cent of the 1924-1926 base period compared with an average of 105 per cent during the nine months ended April 1930 and 102 in the corresponding months of the 1928-29 season.

In the weaving industry activity dropped from 65.6 per cent of a nine hour single shift capacity in January to 63.5 per cent in February, advanced to 66.6 per cent in March and in April was 65.5. In April 1930 weaving mill activity was 69.3 and in April 1929, 70.8. The average activity in the weaving mills during the first nine months this season was 64.9 compared with 72.2 and 79.4 during the corresponding periods in 1929-30 and 1928-29, respectively. The average activity in both the spinning and weaving mills advanced from 74.8 in January, the lowest point since June 1930, to 75.2 in February, 78.6 in March and 81.8 in April. This compares with an average of 93.2 in April 1930 and 87.9 in April 1929. So far this season (August-April) activity has averaged about 10 per cent below last season and 13 per cent below the same part of the 1928-29 season.

Imports of cotton yarn into Germany during May amounted to about 3.9 million pounds compared with 3.8 million pounds in April, 3.7 million pounds in March, 3.5 million in February, (the lowest in several years) 5.4 million in April 1930, and 6.3 million in April 1929. Imports of woven material made an increase in April, amounting to 1.4 million pounds compared with less than 1.2 million in March, was 337,000 pounds above the low December imports, and was only 46,000 pounds below the imports of April 1930. In June, however, imports of woven materials showed a small decline. Total imports of both yarn and woven materials amounted to 5.2 million pounds in April,

0.3 million pounds or 6.3 per cent above March, but 1.7 million pounds or 24.9 per cent below April 1930 and showed an additional increase in June, but were still below June 1930. Imports of both for the first ten months this season totaled 53.4 million pounds, 17.5 million pounds or 25 per cent below the corresponding period in 1929-30, and 40 per cent below the 1928-29 season.

During the latter part of June the relation of raw cotton prices and yarn prices has improved somewhat from the spinners point of view, but the yarn margin is still lower than during recent years generally.

The German cotton spinners succeeded in setting up the stronger cartel planned, and the cartel was to have been in force for twelve months beginning with June 8, 1931. Plans called for a production of 60 to 70 per cent of a nine hour shift capacity only (which is 70 to 80 per cent of eight hour shift capacity). As only about 60 per cent of all German cotton spindles came under the agreement, it was easily possible that, under improving conditions, that 90 per cent of eight hour shift capacity for the German cotton spinning industry as a whole could be reached. Furthermore, the cartel agreement provided that the agreement might be altered if economic circumstances should demand it. Apparently, therefore, the cartel agreement would not have prevented increased raw cotton consumption if conditions really improved. By June 13, however, the cartel had been dissolved, but those interested were in hopes of reorganizing it.

Czechoslovakia and Austria

These two countries continue to complain of restricted business in yarn and cloth, and of less than the usual seasonal revival in certain lines of the trade. Mill activity in both countries remains on a rather stable but low level. The slight improvement in Austrian textiles during the first several months of 1931 was only temporary and has given way to a renewed dullness. Sales of spinning and weaving mills to domestic customers have declined and the same is true of export business. The recent difficulties of the largest Austrian bank, which is closely linked with several enterprises in the textile industry in both Austria and Czechoslovakia, have intensified the weak position of some mills, so that further curtailment of operations may occur. The hopes maintained in Austria for a good improvement in the position of cotton spinning mills through the setting up of a customs union with Germany are still far from being realized, inasmuch as the carrying out of the whole plan is still very doubtful. In recent trade negotiations with Hungary, Austria is said to have acquired an important cotton yarn export contingent which, if put in force, may bring some relief.

The Czechoslovakian textile industry is urging the formation of a central European customs union on basis of preferential agreements with southeastern European agrarian countries. The efforts to attain an organized restriction of cotton yarn production in Czechoslovakia, through the buying-up of a certain percentage of the spinning mills, have not been successful, as the banks have not given the necessary assistance and as outsiders opposed the plan. The mill situation in Czechoslovakia, however, is better than in Austria, particularly in the weaving branch; yet great uncertainty persists. Spinning mill activity showed a slight improvement from April to May, but exports of both cotton yarn and fabrics declined and are still considerably below any year since 1926.

France

In May France also reported a very weak situation in the cotton yarn market though sales of cotton cloth held up rather satisfactorily. Roubaix-Tourcoing reported very small sales of cotton yarn at unsatisfactory prices, even though the outbreak of a general textile strike around the middle of May completely interrupted production. Elsewhere, spinning and weaving mill activity remained about unchanged. Trading in Alsace, however, was also somewhat dampened by the failure of an important textile concern. French spinner buying of raw cotton and price fixing through May were rather quiet.

During June some accumulation of yarn and cloth stocks took place in France, especially in the North, but further accumulation was prevented and is being prevented by curtailment of production due to the strike. New sales of both yarn and cloth were small during June and the demand for raw cotton was quiet except during the latter part of the month. The annual report of the French Spinners' Association indicates that new orders during the first quarter of 1931 were 32 per cent below the quarterly average for 1929 in the case of spinning mills and 20 per cent below in the case of weaving mills.

Belgium

Belgium was reported as trying to arrange an organized restriction of production. At the same time, there were reports indicating that business to the French district of Roubaix-Tourcoing increased considerably as a result of the general textile strike there, so that some mills benefited from these conditions and seemed less inclined to join a production-restricting agreement.

Italy

Italy continued in deep depression during May and June with spinner demand for raw cotton very low and yarn as well as cloth sales restricted, but some temporary pickup was reported the last of June. Spinning and weaving mill activity were running about 20 per cent below last year, spinners' stocks of cotton yarn above, and unfilled orders below those of last year. A slight pickup in cotton yarn sales was reported during the second half of May which was considered somewhat above the low level of current production. There is little doubt but that the disturbing effect of the recent financial difficulties of some of the Central European countries has decreased current sales.

Poland

The cotton situation in Poland continued unsatisfactory through May and June. Business in yarn and cloth, as well as raw cotton was generally restricted. The reorganized spinner cartel had not become effective in May and stocks of cotton yarn at Lodz seemed unusually large. Financial difficulties in Poland, with the failure of an important West-Polish bank in the foreground, added to the bad situation of the industry during May, as floating funds continued to be urgently needed and obtainable only with difficulty, and one of the largest cotton mills at Lodz shut down early in the month. It is expected that the spinners cartel will set up a sales office and again normalize production which continued too large during May, or about the same level as in April. It is reported that the Polish Government has exerted some pressure upon outsiders to join the cartel by a plan to introduce a special duty on non-cartel cotton.

Japan

Although both yarn and cotton prices declined during May and the first three weeks in June the declines were such as to make spinning operations more profitable and further improve the parity of American cotton. According to Consul Donovan in a message received June 29. Prices of American spot cotton dropped 9 per cent during this period while Indian Oomras for July delivery dropped 4 per cent and spot yarn prices 5 per cent. Yarn futures prices, however, were unchanged. Imports of American cotton during May amounted to about 161,000 running bales or about 3,000 bales below the April imports of American, but were almost 60,000 bales above the imports of Indian cotton whereas during the past few months imports of Indian cotton have been considerably larger than imports of American. Visible raw cotton stocks in Japan at the end of May were considerably above a year ago, the total amounting to 469,000 bales compared with 372,000 bales a year earlier. Visible stocks of American cotton at the end of May amounted to 269,000 bales, 87,000 bales or 47.8 per cent above a year ealirer. Yarn production, however, is now increasing and is almost up to the level of a year ago. Yarn production during May amounted to 215,000 bales compared with 198,000 bales in February 198,000 in March and to 206,000 in April, and 228,000 bales in May 1930. This gain is due primarily to increased production of yarn below twenty counts. This increase in the production of lower count yarn is not so encouraging from the standpoint of American cotton since the lower count yarns contain a larger proportion of Indian cotton than do the medium count yarns. Sales have not quite kept pace with the increased production as the visible yarn stocks showed some increase in May over April.

Transactions in imported Chinese yarn increased during May due to the higher margin of profits for Japanese spinners, but business in piece goods has been dull and weaver's profits small. Cloth exports amounting to 111.9 million square yards were somewhat restricted, due in part to higher prices asked by the Japanese weavers during March and April and in part to the general dullness of business in spite of the increase in yarn and cloth production.

China

The cotton yarn markets in China on June 15 were holding firm with an increase in demand from Canton and the northern ports, but spinners were reluctant to make commitments very far ahead due to the uncertainty of the political situation, according to a cable received from Agricultural Commissioner Dawson at Shanghai. Yarn stocks on that date were reported to have been reduced, but were still quite large. Spinning mill activity during the first part of June was about equal to that of a year ago, but a larger proportion of high count yarns are now being spun which is favorable for the consumption of American cotton. Spinning mills on the whole have been more active than usual this spring and summer and while stocks of yarn are fairly large, they are predominantly low count yarns due to the poor demand for that class. High count yarns have been moving well. In early July the Japanese mills in China were sold out through November. Chinese mills on the other hand have made only a small amount of forward sales. Business in piece goods has been good due to the high price of imported materials, but future commitments are only moderate because of the unsettled political conditions in the interior.

As a result of the larger proportion of high count yarns being produced this year than last, imports of American cotton in China have for most of the current season been larger than last year. Total imports of American cotton into Shanghai from January through March this year were 118,000 bales of 478 pounds net and imports during April reached almost 31,000 bales, but in May declined to 23,000 bales bringing total imports of American from January to May to 172,000 bales. It is expected that reports for the quarter ended June 30 this year will show imports of American cotton materially above those of the corresponding period last year and it has been reported that buying for the summer months has been good and it is expected that the demand for raw cotton will continue good although stocks of Indian and American cotton about the first of July were fairly large. Chinese imports of Indian cotton for the first five months of 1931 amounted to 223,000 bales of 478 pounds net, but declined from 50,000 bales in April to 24,000 in May. It is also expected that the Chinese will continue to take a considerable amount of Indian cotton due to the deficiency of Chinese cotton for the production of low count yarns. Stocks of native cotton are considerably below those of last year in China as a whole, about the same as last year in Tientsin, but much lower in Hankow and Shanghai.

Spring rains have been favorable for cotton planting in the northern area and large acreage increases in this region have been reported with moderate increases in the southern region, and the indications are that the acreage planted this year in the whole of China will be the largest in recent years. A report about the middle of July stated that there had been too much rain in the Yangtze Valley.

C-71 Production, acreage and crop condition reports

United States

The following table shows the estimated cotton acreage in cultivation July 1, 1931 with comparisons, as reported by the Crop Reporting Board:

Table 1.- Estimate of cotton acreage by States

State	10-year average abandonment 1921-1930	Area in cultivation July 1, 1930	Area in cultivation July 1, 1931 Percentage of 1930	Area in cultivation July 1, 1931 Acreage
	Per cent	Acres	Per cent	Acres
Va.	2.0	91,000	75	68,000
N. C.	1.6	1,656,000	82	1,358,000
S. C.	2.6	2,191,000	89	1,950,000
Ga.	3.6	3,906,000	88	3,437,000
Fla.	4.5	122,000	100	122,000
Mo.	4.5	377,000	90	339,000
Tenn.	2.1	1,250,000	90	1,125,000
Ala.	1.6	3,789,000	90	3,410,000
Miss.	2.3	4,290,000	94	4,033,000
La.	2.4	2,142,000	90	1,928,000
Tex.	3.8	17,528,000	92	16,126,000
Okla.	6.2	4,099,000	83	3,402,000
Ark.	2.3	3,996,000	92	3,676,000
New Mex.	1/ 9.9	134,000	90	121,000
Ariz. 2/	1.4	215,000	83	178,000
Calif.	1.7	273,000	75	205,000
All other	1/ 4.1	19,000	71	13,000
U. S. Total	3.4	46,078,000	90.0	41,491,000
Lower Calif. (Old Mexico) c/	1.4	101,000	68	69,000

1/ Nine-year average, 1922-1930.
2/ Including Pima Egyptian long staple cotton estimated at 32,000 acres this year compared with 46,000 acres in cultivation July 1, 1930.
3/ Not included in California figures, nor in United States total.

Comments accompanying cotton report as of July 1, 1931

The acreage of cotton in cultivation in the United States on July 1 is estimated by the Crop Reporting Board to be 41,491,000 acres, which is 10.0 per cent less than the acreage on July 1, 1930, 11.8 per cent less than in 1929, and 14.9 per cent below the record acreage of 48,730,000 planted in 1926. The acreage as estimated this year is lower than the planted acreage of any year since 1923.

All States, except Florida, show smaller acreages than in 1930. The acreage in Texas is estimated at 92 per cent of last year. North Carolina and Oklahoma with 82 per cent and 83 per cent of 1930, respectively, show the largest percentage decreases of any States in the Cotton Belt proper. A reduction of 10 per cent is estimated in Alabama, Tennessee, Louisiana and

Missouri. In South Carolina the acreage is given at 89 per cent of 1930; Georgia 88 per cent; Mississippi 94 per cent; and Arkansas 92 per cent.

The acreage of Pima Egyptian long staple cotton in Arizona is estimated at 32,000 acres compared with 46,000 acres in cultivation July 1, 1930.

No report on probable production is made by the Board until August. At that time the production forecast will be based on the forecast yield per harvested acre applied to the acreage in cultivation on July 1, less 10-year average abandonment in each State after that date.

Fertilizer tag sales

Sales of fertilizer tags in the nine most important cotton producing States in the 1930-31 season, December through May, totaled 3,011,000 short tons, according to reports of the National Fertilizer Association. This is 30.2 per cent below the 4,311,000 short tons sold during the corresponding period in the 1929-30 season. Since a very large part of the fertilizer used on cotton is sold during this period, this should represent fairly well the reduction in the fertilizer used on the 1931 cotton crop. In Mississippi, Arkansas, and Texas, fertilizer tag sales have been less than half those of the 1929-30 season. Tag sales in North Carolina and South Carolina have held up better than in any of the other important cotton producing States with the exception of Oklahoma where little fertilizer is used. In these two States tag sales have been about 20 and 22 per cent respectively below last season.

Weather conditions

Temperatures averaged considerably above normal during three weeks ended June 30 in the Cotton Belt as a whole, according to the weekly reports of the Weather Bureau. Rainfall also averaged below normal and in many sections cotton and other crops were suffering from lack of rain on June 30. Parts of Oklahoma, Texas, Arkansas, Alabama, Tennessee, and Georgia were in need of rain at that time while conditions in the Carolinas were reported as fairly favorable. Although the weather has not been good for the crop it has likewise been unfavorable for the boll weevil.

India

The final estimate of the 1930-31 Indian cotton acreage was placed at 23,616,000 acres compared with 25,922,000 acres for 1929-30 and 27,053,000 acres for 1928-29. This is a reduction of 9 per cent in the 1930-31 acreage as compared with 1929-30. The 1930-31 production was estimated at 4,033,000 bales of 478 pounds net, a decrease of 6 per cent under the previous year and 17 per cent from the 1928-29 production. This decrease of 6 per cent in production was obtained by using the revised 1929-30 production estimate. The size of the commercial crop during the 1929-30 season seems to indicate that perhaps this revised production estimate of 4,289,000 bales is too small and for that reason the previous official estimate of 4,402,000 bales has been used in the accompanying table. Compared with this figure the 1930-31 estimate shows a decrease of 8 per cent.

Egypt

Total ginnings in Egypt for the 1930-31 season to July 1 amounted to about 1,637,000 bales of 478 pounds net. This includes about 37,000 bales of low grade cotton, according to a cable received from the International Institute of Agriculture at Rome. About 400,000 bales or 24 per cent of this total was of the Sakellaridis variety. In previous years these reports of ginnings have been made only to the first of April and showed something over 90 per cent of the official estimate for the total crop. In some of the previous issues it has been noted that receipts and ginnings were running considerably behind those of the last two years and that this suggested that perhaps the official estimate for the total crop was considerably too high. It now appears that there was a change in the program of ginning for the 1930-31 crop which accounts for a large part of the change in relationship between early ginnings and the final estimate. The final estimate of production for 1930-31 placed the crop at 1,661,000 bales of 478 pounds. This was 36,000 bales below the December estimate and 107,000 bales or 6 per cent below the final estimate of the 1929-30 crop.

The 1931-32 Egyptian cotton crop made unusual progress during the last two weeks of May except in the northern end of the Nile delta, which section is reported somewhat late, according to the Cotton Growing Report by the Egyptian Minister of Agriculture forwarded by Cotton Specialist P.K. Norris at Cairo. This lower delta area is the region in which most of the Sakellaridis variety is grown and in which the Government restricted cotton plantings to 40 per cent of the area in cultivation. Weather conditions during the second half of May were considered favorable, the water supply was adequate up to that time and in no place did the crop suffer as a result of inadequacy of water. While the report states the supply was sufficient it admits that water was low in both upper and lower Egypt and that considerable difficulties were encountered in conveying water to canal tails. Since the greatest water requirements come during the months of June, July and August, and in view of the difficulties already encountered, it seemed likely that crops at the extreme ends of the canals would suffer as the summer requirements become heavy. A more recent cable from Mr. Norris reports that according to the Egyptian Government the discharge of the Nile is now the lowest in twenty years and that only cooperation of growers and the Government will avert a real water shortage. The Government is taking action to conserve the water as much as possible for the peak period of water requirement is expected about the middle of August.

China

The 1930-31 crop was better than in the previous year in Chihili, but much poorer in the Hankow and Shanghai regions, according to a cabled report from Agricultural Commissioner Dawson at Shanghai. An unofficial estimate places the 1930-31 crop at 2,457,000 bales of 478 pounds net compared with a production of 2,116,000 bales during 1929-30. The reports from which the 1930-31 crop was made covered a slightly larger area than was true for the 1929-30 crop. Information obtained from other sources does not indicate such a large increase in the 1930-31 crop as the above estimate, for that reason the estimates have not been included in the accompanying table showing production in specified countries. Spring rains have been favorable to the

planting of the 1931-32 crop in the northern areas where rather large acreage increases have taken place. Reports from various sources agree that a materially larger cotton acreage was being planted in China with an increase of 10 per cent in the important districts of Tunchow. Some acreage increase was reported in Tientsin and in Hankow, but it seems doubtful that there would be any increase in the Kiangshu region. The condition of the crop about the end of June was generally good.

Russia 1/

Recent press reports and trade communications have devoted considerable attention to the question of raw cotton supplies from Russia and the success of the Soviet Government in building up cotton production during the past few years. The question has been raised whether or not Russia will, in the near future, become an important competitor in world cotton markets, and eventually to an extent that will endanger the position of the traditional cottons used by the spinners of the Old World.

We have repeatedly pointed out in our reports that Russia appeared likely to cease to be an important consumer of American cotton and would probably supply moderate quantities of its own cotton to the world market. The sales of Russian cotton at Liverpool in recent months indicate that Russia is now apparently in a position to export cotton produced in Middle Asia or Transcaucasus of qualities said to be satisfactory to European spinners both as to character and staple. Urgent need for foreign exchange may have been a factor in some of these cotton exports, and certainly appeared an influence in the low prices accepted, but continued and increased competition from Russian cotton seems in prospect. As far as total world requirements are concerned, Russian supplies will probably not play a decisive role for a considerable time to come, however, even though there appear to be possibilities even yet for great expansion of raw cotton production in Russia during the course of the next few years. On the other hand, the Soviet Government is aiming at a large increase in the manufacture of cotton cloth within the country and the raising of the level of cotton goods consumption, which is now extremely low. In fact this increase in the manufacture of cotton goods is already under way as the plans for 1931 calls for an increase of 20 per cent over the 1930 production. The 1930 production, however, was lower than had been planned due to a shortage of raw materials, imports having been reduced 44.2 per cent during the Russian economic year ended October 1930. Under more nearly normal conditions the cotton produced within Russia will probably be largely needed within the country to enable carrying out the plan to bring the standard of cotton goods consumption within Russia to levels existing in other countries.

The Russian cotton planting campaign was practically finished by May 25 in all parts of the cotton growing regions, with the Government plans fully executed and even exceeded. Total plantings to May 25 are reported to have been 5,817,000 acres or 102.3 per cent of the plan, as compared with 3,642,000 acres planted to the same date a year ago and somewhat over the

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1/ Based largely on report dated June 5, 1931 from Agricultural Attaché L. V. Steere at Berlin.

Cotton: Production of lint in specified countries, average 1909-13, annual 1921-22 to 1930-31

Country	Average 1909-13	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31 Preliminary
	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/	Bales 1/
United States	13,033,000	7,954,000	9,758,000	10,140,000	13,628,000	16,104,000	17,977,000	12,955,000	14,478,000	14,828,000	13,932,000
Mexico	187,000	147,030	201,540	175,380	196,332	202,247	359,823	179,238	278,460	246,029	169,000
Total N. American countries reporting 1921-22 to 1929-30		8,101,030	9,956,540	10,315,380	13,824,332	16,306,247	18,336,823	13,134,238	14,756,460	15,074,029	
Venezuela				47,280	32,000	32,000	32,000	32,000	32,285		
Colombia		2/	11,300	2/ 11,200	12,456	15,912	24,906	11,207	9,501	10,000	10,000
Peru	110,000	186,109	198,875	212,140	211,522	204,308	246,166	245,615	210,000	225,994	
Ecuador	3/ 297	3,607	4,312	11,079	11,500	6,100	6,340	5,800	2/ 5,097	2/ 6,788	
Brazil	387,000	504,000	553,000	576,000	605,134	601,520	512,395	487,041	525,234	550,000	400,000
Paraguay	4/ 92	2,616	5,844	16,265	12,222	11,481	8,485	-	-	18,000	20,000
Argentina	2,314	16,129	25,994	58,846	70,711	133,844	60,424	101,467	132,368	150,000	
Haiti 3/	9,300	21,533	15,505	15,500	16,630	23,035	22,604	20,419	21,929		
Porto Rico	5/ 1,319	921	1,046	1,020	1,900	1,891	1,373	960	1,335		
British West Indies	6,058	3,118	5,555	5,329	4,579	4,395	4,281	4,245	4,000	4,000	4,000
Total South and Central American countries and West Indies reporting for 1921-22 to 1929-30		712,963	787,736	863,394	903,446	950,167	829,608	844,168	876,699	936,782	
Italy	5,212		4,600	5,000	4,520					3,281	
Yugoslavia	2/ 922	239	259	203	385	580	385	190			
Greece	6/7/ 12,614	5,387	8,377	11,135	14,220	14,609	17,759	12,571	14,875	12,000	9,000
Bulgaria	842	1,121	964	1,320	1,247	2,068	2,309	3,457	3,214	4,000	4,000
Malta	433	487	161	100	480	655	424	287	453	317	2/ 245
Spain			218	314	1,154	1,108	3,344	2,553	3,189	3,000	9,000
Total European countries reporting for 1921-22 to 1929-30		6,995	9,502	12,555	15,947	17,332	20,492	16,315	16,542	16,317	
Algeria	8/ 1,370	430	392	793	2,387	5,583	7,939	3,715	5,548	8,000	5,300
Morocco					134	415	738	369	351	369	
French West Africa											
Dahomey	3/ 664	3/ 1,274	3/ 1,448	3/ 1,483	3,943	6,549	4,718	3,920	-	8,025	
Ivory Coast 3/	9/ 212	326	914	1,211	3,727	6,314	6,730	5,713	7,145		
French Guinea	3/5/ 167	3/ 172	346	375	404	2,237	2,315	2,306	1,845		
Senegal		1,660	2,075	1,199	1,845	1,605	2,629	2,306	4,243	323	
French Sudan		3/ 310	5,535		7,462	6,065	5,258	12,222	12,822	12,822	
Upper Volta			231	4,612	10,972	12,683	2,906	3,874	2,168	2,675	
French Togo		3,130	3,538	4,598	7,388	5,677	7,661	7,084	9,431		
Niger Terr.					2,740	2,767	2,767	4,280	1,291	1,384	
Egypt	1,453,000	902,000	1,391,000	1,353,000	1,507,000	1,650,000	1,586,000	1,261,000	1,672,000	1,768,000	1,661,000
Anglo-Egyptian Sudan	14,455	20,145	23,687	38,221	40,665	106,460	131,009	110,573	141,747	139,000	101,787
Italian Somaliland	3/ 510	3/ 94	1,196	1,750	2,305	2,537	2,767	3,828	7,034	5,083	
Eritrea	3/ 948	3/ 179	692	1,384	2,767	1,845	2,767	1,384	1,061	1,153	
Gold Coast	104	3/ 12	3/ 77	837	1,250		84	84	2/ 196		
Belgian Congo		4,512	6,964	15,833	13,836	16,142	22,539	27,557	44,390		
Kenya	552	460	1,004	1,674	3/ 1,883	3/ 1,712	3/ 1,031	3/ 1,039	1,660	1,036	1,000
Nigeria	8,702	12,632	14,082	21,368	10/ 32,750	10/ 40,091	10/ 22,982	10/ 17,498	10/ 26,617	10/ 36,492	
Angola					3,067	2,758	3,776	2,012	1,992		
Uganda	20,338	40,410	73,678	107,619	164,046	151,344	110,231	115,886	170,757	100,000	150,000
Tanganyika	3/11/ 7,971	6,132	6,004	9,568	15,726	18,179	20,318	13,360	27,576	23,251	18,400
Nyasaland	4,603	3,854	4,529	3,377	5,538	6,459	4,165	2,336	3,740	5,098	
S. Rhodesia			2	1,179	4,010	5,160	461	72	213	1,506	
N. Rhodesia	8/ 307	67	85	397	409	414	80	44	52		
Mozambique	3/ 388	1,041	1,504	5,955	2,496	2,230	11,952	11,956	12,505	2/ 7,192	
Union of S. Africa	75	1,762	5,460	7,300	14,172	17,055	8,571	9,216	8,179	13,485	8,117
Total African countries reporting for 1921-22 to 1929-30		990,799	1,525,303	1,553,208	1,793,580	2,005,100	1,912,359	1,554,097	2,082,867	2,108,113	
Cyprus	1,938	1,918	1,259	1,680	2,557	2,556	3,598	1,766	1,795	2,946	
Turkey (Asiatic)	12/ 102,116	2/ 30,000	2/ 30,000	2/ 57,000	78,400	105,172	97,000	179,412			
Syria and Lebanon			3,700	8,300	9,685	13,421	8,117	9,582	4,312	14,000	
Russia (Asiatic)	904,900	43,100	55,300	196,400	453,281	781,757	830,000	1,090,000	1,250,000	1,310,000	13/ 1,850,000
Iraq		50	251	837	2,092	2,125	2,929	1,508	4,287	3,851	2,500
Persia	2/8/ 136,000			3/	59,171	3/ 83,632	3/ 84,610	75,007	91,735		
India	3,585,000	3,752,000	4,245,000	4,320,000	5,095,000	5,201,000	4,205,000	4,990,000	4,863,000	14/ 4,402,000	4,033,000
China 15/	16/ 694,600	1,514,000	2,318,000	1,993,000	2,178,000	2,102,000	1,742,000	1,875,000	1,844,000	1,960,000	
Japan	4,704	3,447	2,884	2,316	2,785	1,561	1,123	1,100	943		
Chosen (Korea)	20,392	82,172	103,410	111,542	122,562	123,214	142,694	133,000	150,000	139,000	152,200
French Indo China	3/ 13,800	3/ 11,814	17/ 12,084	17/ 9,086	18/ 7,746	18/ 5,667	18/ 3,285	19/ 4,536	19/ 5,576	20/ 4,654	
Dutch E. Indies 3/	18,242	7,038	6,995	7,321	6,421	5,469	4,388	5,500	4,262	4,061	
Siam	3/ 3,653	3,648	5,005	3,062	4,336	4,624	2,747	2,885	2,756		
Total Asiatic countries reporting for 1921-22 to 1929-30		5,412,092	6,742,299	6,639,866	7,867,659	8,223,788	6,933,894	8,101,310	8,122,921	7,826,512	
Australia	75	2,795	8,796	10,042	12,277	5,692	4,431	7,714	5,268	11,000	
New Hebrides	8/ 547	1,590	2,812	1,828	3/ 2,131	3/ 3,821	2,348	2,582	1,542		
Total Oceanic reporting for 1921-22 to 1929-30		2,795	8,796	10,042	12,277	5,692	4,431	8,591	5,268		
Total all countries reporting for 1921-22 to 1929-30		15,226,674	19,030,276	19,394,445	24,417,241	27,508,326	28,037,607	23,657,842	25,862,757	25,972,753	
Estimated world total, including China		15,450,000	19,300,000	19,700,000	24,800,000	27,900,000	28,400,000	24,000,000	26,100,000	26,300,000	25,500,000

Bureau of Agricultural Economics. Official sources and International Institute except as otherwise stated. Data are for crops harvested between August 1 and July 31 of the following year. For the United States prior to 1914 the figures apply to the year beginning September 1. In order to include figures for the smaller countries, exact number of bales were used.

1/ Bales of 478 pounds net.
2/ From an unofficial source.
3/ Exports.
4/ Figures for season 1915-16.
5/ Figures for one year only.
6/ Figures for land under old boundaries.
7/ Figures for 1911-12 only.
8/ Three year average.
9/ Two year average.
10/ Quantity marketed.
11/ Four year average.
12/ Figures for 1910-11 only.
13/ Approximate midpoint of range of reports.
14/ A cable of April 24 places the revised final estimate at 4,289,000 bales of 478 lbs. net.
15/ Figures are from the Chinese Economic Bulletin quoting the Chinese Mill Owners' Association except as noted. The figures represent the crop in the most important provinces where the commercial crop is grown.
16/ The average 1909-10 to 1913-14 is the commercial crop of China as estimated by the United States Bureau of the Census.
17/ Annam and Cambodia only.
18/ Annam, Cambodia, Cochin China.
19/ Annam, Cambodia, Cochin China and Laos.
20/ Annam, Cochin China and Laos.

3,870,000 acres reported finally planted in 1930. 1/ By June 5 plantings were reported to have reached 6,128,000 acres or 107.8 per cent of the area planned, and on June 20, 6,207,000 acres or 109.2 per cent of the plan. A more recent report states that the planted acreage has been revised downward and is now placed at 5,824,000 acres.

In spite of the quantitative success of this year's cotton planting campaign - an increase of about 50 per cent having been attained as compared with the 1930 revised acreage estimate - the Government plans with respect to the time of seeding operations were not realized. The campaign was supposed to be completed by May 10 in the important cotton producing regions of the Union, while the actual execution of the plan was only 72.2 per cent on that date for the Union as a whole. Thus, almost 30 per cent of the total acreage under cotton this year was planted later than planned and after the optimum dates had passed. Despite this delay as compared with the plans, this year's campaign may be regarded as having been completed under more favorable circumstances than that of 1930, plantings having amounted to only 1,799,000 acres or about 50 per cent of the respective plan on May 10, 1930.

The situation is considerably less favorable with respect to the qualitative side of this year's plan, which provides for a 20 per cent increase in yield as compared with last year. Numerous recent reports indicate that a considerable share of the cotton fields was poorly ploughed, and that cultivation is likely to be poor because of a prospective shortage in farm labor. The larger number of collectives and the better organization of work on these farms may tend to improve the situation to a certain extent, but it is extremely doubtful that the planned increase of yield will actually take place.

The rather unsatisfactory conditions with respect to irrigation is another factor supporting this view. Watering prior to seeding operations was rendered difficult by the prolonged cold weather and delayed melting of snow on the mountains, which supply the irrigation system with water. At the same time, the building of new channels has not been completed in time, and the conditions of those constructed or repaired is also reported very poor.

A significant change has occurred in the distribution of the Russian cotton acreage. In former years cotton was grown entirely in Turkestan or Central Asia and Transcaucasia, where its cultivation had a long tradition behind it. The acreage in other regions was insignificant and cotton cultivation there was for the most part of an experimental nature. Of the 1931 plantings, however, it appears from a detailed official report of Russian cotton sowings by regions on June 20, published in "Socialist Agriculture" of June 25 that nearly 18 per cent of the acreage is in the new cotton regions of North Caucasus, Dagestan, Ukraine and Crimea compared with 8.4 per cent in 1930-31 whereas, in 1929-30 only about 1 per cent of the country's cotton was in these regions according to the Control Figures of National Economy U.S.S.R. Although it is impossible to draw conclusions as to the yield that may be obtained in these newly developed regions, it must be recognized that there is always an element of risk in such developments. It may also be seen in the accompanying table that in these new regions the acreage planted to

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1/ The preliminary figure indicated total plantings of 4,366,000 acres.

June 20 this year was almost 204 per cent above plantings to that date last year. The increase in these new regions represents 40 per cent of the total increase in the acreage of U.S.S.R. this year. In Central Asia and Transcaucasia the increase above last year was 26 and 37 per cent respectively. This shows an increase of 42.2 per cent for the whole of Russia, but as pointed out above the total acreage has been revised both for this year and last, while revised acreages by regions have not been received as yet.

Table 2.- Russia: Distribution of cotton acreage planted to June 20, 1931 with comparisons

Regions	1930-31	1931-32	Percentage change from 1930-31 to 1931-32
	1,000 acres	1,000 acres	Per cent
Central Asia and Kazakstan			
Uzbekistan	2,296	2,839	+ 23.6
Turkmenistan	382	529	+ 38.5
Tadjikistan	313	314	+ 1.0
Kara Kalpak	1/	178	- -
Kirghizia	188	259	+ 37.8
Kazakstan	351	334	- 4.8
Total Central Asia and Kazakstan	3,530	4,453	+ 26.1
Percentage of Grand Total	80.8	71.7	
Transcaucasia			
Azerbaidjan	394	524	+ 33.0
Georgia	46	54	+ 17.4
Armenia	31	67	+ 116.1
Total Transcaucasia	471	645	+ 36.7
Percentage of Grand Total	10.8	10.4	
New Regions of Cotton Cultivation			
North Caucasus	232	556	+ 139.7
Dagestan	59	67	+ 13.6
Ukraine	47	400	+ 751.1
Crimea	18	84	+ 366.7
Lower Volga	9	2	- 77.8
Total New Regions	365	1,109	+ 203.8
Percentage of Grand Total	8.4	17.9	
Grand Total (unrevised)	4,366	6,207	+ 42.2

Compiled from "Socialist Agriculture" June 25, 1930 and 1931.
1/ No information given for 1930-31 - may have been included with Kazakstan.

Miscellaneous news

The International Cotton Congress

A Paris, France, dispatch on June 23 stated that at a meeting of the American section of the International Cotton Congress, the delegates were

practically unanimously in favor of a resolution adopted, which urged the United States Government to take necessary action to fix definite humidity standards. One speaker declared that moisture is sometimes deliberately added. The Egyptian section unanimously approved the agreement fixing the degree of humidity in Egyptian cotton at 8.5 per cent regain, with tolerance of 0.4 per cent either way.

First bale of the 1931 crop

The first bale of the 1931 cotton crop harvested was grown by W. M. Thorne, of La Sara, Willacy County, Texas and on June 29 was bought at auction in Corpus Christi by the Texas Cotton Cooperative Association for $350, according to the press. The bale will be sent to the American Cotton Cooperative Association at New Orleans.

Seeking new uses for Egyptian cotton

A recent dispatch from Cairo stated that the Egyptian Cabinet had decided to appropriate $250,000 for publicity to create new markets for Egyptian cotton.

Cotton bagging strongly endorsed

Plans are now being worked out by the Association for the Increased Use of Cotton for a vigorous campaign in every important cotton producing State to have this year's crop of cotton wrapped in cotton bagging. This movement has received encouragement from the announcement of nearly all cotton mills in the South that they will allow seven pounds extra weight to be added to cotton bales wrapped in standard 100 per cent cotton bagging. This announcement was issued from the general headquarters of the Association for the Increased Use of Cotton in Columbia, South Carolina. The Association has also taken up with the New England manufactures the matter of making allowance for the use of cotton bagging.

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September 3, 1931

WORLD COTTON PROSPECTS

(August)

C-72

Summary

Prices of American cotton declined to new low levels in August on the basis of an indicated total world supply of nearly 24.6 million bales, the continued unsatisfactory condition of business both at home and abroad, and the low rate of consumption throughout the world. In Liverpool prices of the most competitive foreign cottons made declines comparable with the decline in American during August, but in Japan American declined 9 per cent more than Indian and as a result, at the end of August, interest centered on American cotton and practically no interest was taken in Indian cotton in that important market. China also reported more interest in American.

While world consumption of American cotton during June and July has been estimated to have been slightly above the corresponding months of last year and the seasonal decline in consumption during these two months this year was less than during the corresponding period in the past 5 years, the rate of consumption is still far below average. In the past low prices have usually served to stimulate consumption both in the United States and foreign countries. In Japan cotton consumption in July as indicated by yarn production increased compared with June and was 21 per cent above July 1930. China reported that mill activity continued at a fair rate about the middle of August and that fewer mills were closed than normally during this time of year. In Great Britain and Europe conditions in the cotton textile industry have continued unsatisfactory.

The 1931 domestic crop, while somewhat later than usual, had unusually good growing conditions during July and August and on August 1 the condition of the crop indicated a production of almost 15.6 million bales. On September 1 conditions were such as to point to a production of 15,685,000 bales of 500 pounds gross. In India the acreage planted up to the first of August was estimated at 6.4 per cent less than at the same time last year and 12.3 per cent below 1929. The Chinese crop is estimated by the Chinese Cotton Mill Owners Association at almost 25 per cent less than in 1930-31 due largely to damage from floods and excessive rains although there was some decrease in acreage. The Egyptian acreage is about 19 per cent below last year and the Russian acreage is about 50.5 per cent above last year, but complaints are numerous as to the delayed cultivation.

Prices

During August domestic cotton prices in the 10 markets declined from 7.52 cents per pound on August 1 to 6.28 cents on the last day. The average price in these markets ranged between 7.30 to 7.52 cents during the first 8 days of the month, dropped to 6.12 cents on August 12 recovered to 6.44 and on August 19 was down to 5.89 cents per pound, the low for the month. In the New Orleans and New York markets, where the daily price records are available for many years, the prices about the middle of August were the lowest since 1898. Continued unsatisfactory world economic conditions, continued slow movement of cotton into consumptive channels, and present estimates indicating the largest supply of American cotton on record, are all factors contributing to the present low level of prices.

At Liverpool American middling on July 31 was quoted at 9.37 cents per pound and on August 28 had declined to 7.77 cents or a drop of 18.1 per cent. During this period Brazilian and East Indian cottons declined proportionally as much as American cotton in the Liverpool market but corresponding declines did not occur in Peruvian and Egyptian cottons. On August 28 these types of longer staple cotton (Peruvian and Egyptian) were 5 to 8 per cent higher relative to American than at the end of July. In Japan a report from Consul Donovan states that American spot cotton declined 27 per cent from July 23 to August 22 while Indian Oimras dropped only 18 per cent and that as a result practically no interest was being displayed in Indian cotton. In the past low prices and a favorable parity with foreign cotton have stimulated the consumption of American cotton in Japan.

The average price received by domestic producers on August 15 was 6.3 cents per pound, 2.2 cents per pound below July 15, and 5.1 cents per

pound below August 1930. In November 1914 the average price received by producers in the United States was 6.6 cents per pound which, with the exception of the August price this year, was the lowest price recorded in the farm price series, these prices having been collected since August 1909.

Stocks and Movements

Carry-over and supply of American cotton

On July 31, 1931, there were approximately 6,262,000 running bales of American cotton in the United States, according to the Bureau of the Census. This compares with 4,322,000 bales a year earlier, an increase of 1,940,000 bales or 44.9 per cent. In 1927, following the large crop of 1926 the carry-over of American cotton in the United States was only 3,663,000 bales due to large domestic consumption and larger exports. Not since the beginning of the 1921-22 season has the carry-over in the United States been as large as at the beginning of the present season. At that time the carry-over was 6,361,000 bales.

The world carry-over of American cotton at the beginning of this season has been estimated (preliminary) at about 9,000,000 bales by the New York Cotton Exchange Service which is the largest world carry-over since 1921 when the world total was estimated by the Bureau of the Census at almost 9.2 million bales.

Should the 1931 American crop turn out to be as large as the September 1 condition indicated (15,685,000 bales) the total supply for the 1931-32 season would be almost 24.7 million bales. The supply for the 1926-27 season was about 23.3 million bales which was the largest supply of American cotton for any past season.

World mill stocks

World mill stocks of American cotton on August 1, 1931 amounted to 1,875,000 running bales compared with 1,985,000 bales 12 months earlier, a decrease of 110,000 bales or 5.5 per cent, according to estimates of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. World mill stocks of American cotton at the beginning of the 1928-29 and 1929-30 seasons were slightly over 2,100,000 bales and in 1927-28, 3,056,000 bales. Stocks of American on August 1, this year were the smallest of any year since 1923.

Stocks of foreign cotton at mills on August 1 were likewise below a year earlier, amounting to 2,447,000 running bales compared with 2,513,000 bales, a decrease of 2.6 per cent. This was the lowest amount of foreign cotton held by mills of the world at the beginning of the season since 1927-28. The decrease this year was due to decreases in Indian and Egyptian cottons, the stocks of these cottons being 6 per cent and 8 per cent respectively below last year. In the case of Indian cotton the mill stocks were the lowest since August 1, 1927 and Egyptian stocks were the lowest since the beginning of the 1928-29 season. Sundries cottons at mills, on the other hand, were about 9 per cent above last year, but were below the two previous years.

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The net result is that the total mill stocks of all cotton on August 1 this year amounted to 4,322,000 running bales compared with 4,498,000 bales and 4,863,000 bales one and two years earlier or a decrease this year of 3.9 and 11.1 per cent respectively from last year and the year before. Not since the beginning of the 1925-26 season have mill stocks of all cotton been as low as this season.

World visible supply

The world visible supply of all cotton on August 28, 1931 amounted to 6,435,000 running bales compared with 5,190,000 bales one year earlier, and 3,458,000 bales on the corresponding date in 1929, according to the Commercial and Financial Chronicle. The visible supply of American cotton on August 28 was 4,498,000 bales or 69.9 per cent of the total, whereas a year earlier the 3,159,000 bales of American cotton amounted to 60.9 per cent of the total and in 1929 American constituted but 47.1 per cent and totaled 1,629,000 bales. Part of this greater increase in American than in foreign is due no doubt to the fact that mills, particularly in the United States, have decreased their stocks. In addition, however, the consumption of American cotton has declined more than foreign cotton.

Stocks in consuming establishments

On July 31, 1931 the stocks of all cotton in consuming establishments in the United States totaled 995,000 running bales compared with 1,183,000 bales or a decrease of 15.9 per cent, according to reports of the Bureau of the Census. Stocks in consuming establishments at the end of each of the last 5 months of the season ended July 31, 1931 were the lowest for those dates since the 1924-25 season.

Stocks in public storage and at compresses

Stocks in public storage and at compresses at the end of July this year totaled 4,524,000 running bales compared with 2,877,000 bales a year earlier and 985,000 bales at the end of the 1928-29 season, according to reports of the Bureau of the Census. This is an increase of 57 and 359 per cent respectively. These stocks decreased 446,000 bales during July, however, compared with a decrease of 228,000 bales in July, 1930. During the 1929-30 season stocks in public storage and at compresses reached a peak at the end of December and by the end of the season had decreased 3,021,000 bales whereas during the season just closed the decline from the peak to the end of the season amounted to 3,873,000 bales or 852,000 bales more than in the previous season.

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Domestic exports

Exports of domestic cotton during July were slightly above June although there is usually a seasonal decline of about 50,000 bales in July. The 259,000 running bales exported in July as reported by the Bureau of the Census was 4,000 bales above June, 84,000 bales or 47.6 per cent above July 1930, and 22,000 bales or 9.0 per cent above July, 1929. Total exports for the season just ended amounted to 6,760,000 compared with 6,690,000 bales in 1929-30 and 8,044,000 bales in 1928-29. Of the important countries, Great Britain took 202,000 bales or 16.1 per cent less than in the 1929-30 season, Italy 176,000 bales or 27.0 per cent less, Germany 47,000 bales (2.8 per cent) less, other Europe 124,000 bales (14.9 per cent) less while exports to Japan during the 1930-31 season were 208,000 bales or 20.4 per cent more than in 1929-30. France took 103,000 bales (12.7 per cent) more and exports to all other countries combined were 308,000 bales or 71.8 per cent above the previous season.

Exports of cotton from India and Egypt

From August 1 to August 28 this year exports of raw cotton from India amounted to 211,000 running bales compared with 205,000 bales in 1930 and 210,000 bales in 1929 according to the Commercial and Financial Chronicle. Exports to Great Britain were above the two previous years as were exports to Japan and China, but the Continent took only 36,000 bales compared with 89,000 bales in 1930 and 120,000 bales in 1929.

Exports from Alexandria, Egypt during the first 26 days of this season amounted to 50,000 running bales compared with 18,000 bales last season and 51,000 bales during the corresponding period in 1929.

Textile Situation

World mill consumption

World mill consumption of all cotton for the six months ended July 31, 1931 amounted to 11,319,000 running bales compared with 11,164,000 bales during the previous six months and 12,007,000 bales during the last half of 1929-30, according to reports from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. This places the total consumption for the 1930-31 season at 22,483,000 bales compared with 25,209,000 bales in 1929-30 and 25,882,000 bales in 1928-29 or a decrease from the two previous seasons of 10.8 and 13.1 per cent respectively. American cotton represented 48.5 per cent of this total whereas in 1929-30 American represented 51.7 per cent of the world consumption. Similar comparisons for other growths are: Indian 26.1 per cent of the total for the 1930-31 season compared with 24.1 per cent in 1929-30; Egyptian 3.8 against 3.7; and sundries 21.6 against 20.5 per cent.

Total world consumption of American cotton for the six months ended July 31, 1931 amounted to 5,629,000 running bales compared with 5,278,000 bales during the previous six months and 5,940,000 bales during the last half of the 1929-30 season. The total consumption of American cotton for the 1930-31 season was 10,907,000 bales compared with 13,023,000 bales in 1929-30, 15,076,000 bales in 1928-29 and the record consumption of 15,780,000 bales in 1926-27. This was a decrease of 16.2 and 27.7 per cent respectively from the 1929-30 and 1928-29 seasons and was 30.9 per cent below the 1926-27 season.

Consumption of Egyptian cotton like that of American showed an increase during the last six months of the 1930-31 season over the previous half year, and was also above the corresponding period of the 1929-30 season. The total consumption of Egyptian for the season just ended, however, was 9.1 per cent below the 1929-30 season, being 852,000 bales compared with 937,000 bales. This was the lowest consumption for any season since 1921-22. Consumption of both Indian and sundries cottons during the last six months of the past season was below both the previous half year and the corresponding period in 1929-30. The total consumption for the season was likewise below the 1929-30 consumption. Mill consumption of Indian cotton for the year ended July 31, 1931 amounting to 5,860,000 bales was 227,000 bales or 3.7 per cent below the previous year but was above any other year on record. World mill consumption of sundries cotton which amounted to 4,864,000 bales during the 1930-31 season was 298,000 bales or 5.8 per cent below 1929-30 but was also larger than for any other year.

World consumption of American cotton in July

World consumption of American cotton for the month of July was estimated by the New York Cotton Exchange Service to have amounted to 925,000 running bales compared with 939,000 bales in June and 878,000 bales in July last year. During both June and July the estimated consumption has been above last year. During the past 5 years June and July consumption as estimated by the Exchange Service has averaged 7.4 per cent below consumption in April and May whereas

this year the June and July consumption estimates averaged only 4.0 per cent below April and May. This indicates that when adjusted for seasonal that the world spindles using American cotton were more active in June and July than in the two previous months.

United States

In the domestic cotton textile industry the situation during July was somewhat mixed. In the standard cotton cloth section production declined 7.5 per cent from the June level whereas total consumption of raw cotton in the United States during July amounted to about 451,000 running bales or only 4,000 bales below June. During the past 5 years the July consumption has averaged about 53,000 bales below June. In July, 1930, consumption of raw cotton amounted to 379,000 bales, but year before last consumption totaled 547,000 bales during July. The total consumption of all cotton in the United States during the 1930-31 season was 5,271,000 running bales, 835,000 bales or 13.7 per cent, below the previous season and 1,820,000 bales or 25.7 per cent below the 1928-29 season. This was the lowest consumption for a season since the 1920-21 season when only 4,893,000 bales were consumed.

Although production of standard cotton cloth decreased 7.5 per cent during July and sales decreased 44.5 per cent, shipments during the month were 9.8 per cent above production and resulted in a decrease of 6.5 per cent in stocks making the stocks of standard cotton cloth at the end of July the lowest end-of-the month figure since October 1927. The 269.4 million yards in stock at the end of the season were 186.1 million yards or 40.8 per cent below stocks at the end of the 1929-30 season and 113.5 million yards or 29.6 per cent below those at the end of July 1929. Although unfilled orders at the end of July were 16.0 per cent below a month earlier they were 24.8 per cent above a year earlier.

Great Britain

In Great Britain the cotton textile industry continues to suffer from low domestic and foreign demand for both yarn and piece goods. Following the drop in cotton prices during early August, demand was reported to have declined considerably, but later in the month, as yarn and cloth prices became adjusted to the lower raw cotton prices, demand both in Great Britain and the Orient showed some improvement.

Exports of cotton piece goods during July amounted to 177.3 million square yards compared with 132.8 million square yards in June and 197.4 in July 1930. This increase of 44.5 million square yards during July was slightly less than has been the average increase of July over June during the past 10 years. For the 1930-31 cotton season exports of piece goods totaled about 1,746.6 million square yards, a decrease of 1,320.8 million and 2,138.4 million square yards respectively from the 1929-30 and 1928-29 seasons and compares with 4,491.9 million square yards exported in 1924-25, the record year of the last decade. This decrease of 43.1 and 55.0 per cent from 1929-30 and 1928-29 compares with a decrease of 14.6 and 25.6 per cent in the seasons exports of cotton yarns. The July exports of yarn amounted to 11.3 million pounds, an increase of 1.7 million pounds over June and 0.9 million pounds over July 1930. During the past 10 years exports during July have averaged slightly less than in June.

Continental Europe 1/

The more hopeful sentiment which sprang up in Continental cotton and cotton goods markets at the close of June, proved very short lived in the face of the sharp financial and economic crisis which occurred in Germany and central Europe.

Just as cotton probably would have been one of the commodities profiting most promptly and largely from an economic recovery in Germany, it is, by the same token, one of the commodities most affected by the less favorable conditions of recent weeks. Since Germany alone accounts for about 25 per cent of the total continental consumption of American cotton, or 7 to 8 per cent of the total world consumption of American cotton, the German situation is of no little significance in our cotton outlook. Furthermore, with other central European countries - Czechoslovakia, Austria, Poland, Hungary - so closely connected, economically, with Germany, the German situation has ramifications far beyond the country's borders. This block of countries consumes about 40 per cent of continental and 12 to 14 per cent of total world's consumption of American cotton.

Continental spinner and weaver sales of yarn and cloth continued unsatisfactory, on the whole, during the month of July. The somewhat more active business toward the end of June in central Europe as well as France and Italy, as a result of the rising raw cotton prices, soon disappeared, and sales fell back to previous low levels with raw cotton prices again dropping to new lows. Business, however, was somewhat improved in France and Italy during the second half of July, with work in northern France being largely resumed following the strike, and the trade tending to take advantage of present low cotton prices. In Germany spinners and weavers reported business almost at a standstill during the last of July and early August.

Cotton spinning and weaving mill activity appears to have changed but little on the average during July. Some improvement in Italy and possibly in parts of central Europe seems to have been counter-balanced by the strike restrictions in France.

1/ Based on report dated August 1, 1931 from Agricultural Attache L. V. Steere at Berlin supplemented by cables on August 18 and August 20.

Stocks of cotton yarn and cotton goods showed further declines in all important continental centers during most of July, as the regional improvements in business were not followed by corresponding increases in the output of the mills. The considerable stocks previously existing at Roubaix-Tourcoing have been reduced through the interruption of production caused by the strike at those centers.

Continental spinner buying of raw cotton, following the promising revival during the second half of June, came nearly to a standstill during July, when raw prices fluctuated sharply and dropped 160 points from July 1 to July 28. The German financial crisis caused spinners in central Europe to withhold commitments, and in Germany the restrictions on transfers of foreign exchange also hampered buying. Western Europe was very quiet, too, in July, both for new business and for price-fixing. In Italy, however, some important purchases were effected during the second half of the month at the low prices ruling and price fixing also became quite important, but it should be noted that Italy has shown little activity in raw cotton purchases for some months, even when spinner interest was evident elsewhere on the Continent.

Germany

Prior to July, developments in new business of German spinners and weavers were not unfavorable. Improved sales by the cloth mills in May continued through June and into July, with an even considerable up-swing toward the end of June as a result of the rising raw cotton prices. The downward turn in prices during July, however, immediately brought an about-swing, and the improvement came to a standstill. Developments on the yarn market were similar, though quieter, but sales again became very unsatisfactory during July. In late July and early August spinners and weavers reported business at almost a complete standstill due to financial difficulties and declining cotton prices.

Activity in the spinning and weaving mills, following betterment during the first 4 months of the year, has shown no further improvement in recent months, but has been maintained. Stocks of yarn and goods are low everywhere.

Spinner buying and price-fixing of cotton at Bremen, following the second half of June improvement, has been very quiet subsequently as a result of the declining raw market, and came to an almost complete standstill when the official restrictions on the transfer of foreign exchange became effective. Spinners and merchants are now awaiting developments, as they recently made representations to the Government to insure their right to dispose of foreign exchange accounts held by spinners and merchants, also to obtain money if needed for increases in margin deposits, transactions which require full freedom of action if severe losses are not to result.

In view of the recent economic and financial difficulties in Germany, it appears timely to give here a short review of the cotton situation in Germany during the past few years.

Mill consumption of cotton in Germany rose to extraordinary levels in 1926-27 and 1927-28, at which time there was a re-filling of the much reduced stocks of goods and yarn in wholesalers and retailers hands. The large American crop of 1926 and the low price of cotton undoubtedly stimulated cotton mill consumption in Germany greatly at that time. Since then, consumption and mill activity have declined steadily, spinners and weavers margins have been cut severely and conditions have gradually worked into depression. The general economic conditions are a major cause of the depression in cotton in Germany, yet it should also be noted that the cotton mill capacity was greatly expanded from 1925 to 1928, the industry apparently not realizing that the boom conditions in those years were unique and unlikely to be repeated: i.e., a period of replenishment of stocks exhausted during the War and Inflation.

Table 1.- Germany: Cotton spinning spindles in place on July 1, 1923 to 1930

Year	Number of spindles	Year	Number of spindles
	Thousands		Thousands
1923	9,600	1927	10,800
1924	9,640	1928	11,150
1925	9,500	1929	11,250
1926	10,500	1930	11,070

Table 2.- Germany: Mill consumption of raw cotton seasons 1920-21 to 1930-31

Season	American	Total
	1,000 bales of approximately 478 pounds net 1/	1,000 bales of approximately 478 pounds net 1/
1920-21	644	860
1921-22	911	1,162
1922-23	784	1,030
1923-24	696	946
1924-25	916	1,189
1925-26	884	1,125
1926-27	1,214	1,468
1927-28	1,276	1,564
1928-29	1,024	1,353
1929-30	923	1,292
1930-31 2/	750	1,150

1/ Running bales, as reported by the International Federation, converted.
2/ Estimate.

The decline in mill consumption has been very important, especially during 1930-31. This decline in recent seasons is all the more significant in that it coincides with a heavy fall in prices, which, normally, would result in increased consumption. A drastic decline in demand, therefore, appears to have taken place and this is undoubtedly a consequence of the serious economic conditions in Germany. Germany is still one of the largest consumers of American cotton. During the past five years Germany has ranked next to Great Britain, while Japan and France ranked third and fourth among the foreign countries in the consumption of American cotton.

A similar movement of raw cotton consumption is indicated in the German foreign trade figures.

Table 3.- Germany: Imports of all cotton, seasons 1923-24 to 1930-31

Season	All cotton
	1,000 bales of 478 pounds net
1923-24	1,013
1924-25	1,328
1925-26	1,419
1926-27	1,715
1927-28	1,495
1928-29	1,383
1929-30	1,381
1930-31 1/	1,338

1/ Estimate.

The tendencies in consumption are not so clearly evident in the above table as in the figures on mill consumption, since the changes in stocks have to be taken into account. Imports for stock were very large in 1926-27 and were used up largely in the subsequent year. A better index of actual mill activity is the following index of cotton yarn production:

Table 4.- Germany: Index of cotton yarn production per spindle (Monthly average, 1928 = 100)

Season	Aug. to Oct.	Nov. to Jan.	Feb. to Apr.	May to July
	Per cent	Per cent	Per cent	Per cent
1925-26	105	104	79	65
1926-27	89	106	111	109
1927-28	113	113	111	96
1928-29	90	98	94	80
1929-30	90	99	102	87
1930-31	83	83	85	

Germany's position with regard to imports and exports of semi-manufactured and finished cotton goods is as follows: imports amount to about 10 to 15 per cent of domestic consumption, while exports amount to about 15 to 20 per cent of domestic production (These ranges include calculations based on quantities as well as on value. They also take into consideration cotton material contained in mixed goods.) Of these imports and exports, a large share consists of decidedly different goods, but the share of nearly identical goods in imports and exports is also considerable. Therefore, theoretically, some of the exports could be substituted for imported goods and thus reduce German dependence on foreign trade.

Under average price and economic conditions, a mill consumption of about 1,350,000 bales of raw cotton annually may be considered as normal for present Germany.

Czechoslovakia and Austria

Czechoslovakia and Austria report continued unsatisfactory conditions in new business and mill occupation. A report about the end of July indicated that 40 per cent of all cotton looms were idle in Czechoslovakia and that the cloth mills there were working only 60 per cent of capacity. Exports of Czechoslovakian cotton fabrics have declined enormously in recent years, with 1930 exports amounting to only 290 million meters (317.1 million yards) against exports of 400 million meters (337.4 million yards) in 1927. As much as 90 per cent of the drop is due to decreased takings by Austria, Hungary, and other Danube countries. This merely reflects the economic depression in these countries, as well as increasing self-sufficiency in the Danubian countries. The Austrian industry is hoping to benefit from a new trade treaty with Hungary through increased textile exports, but is still suffering from serious economic depression. Developments in Germany will be of considerable importance for the future of these countries.

Hungary

Quiet yarn sales but active cloth business during July were reported in Hungary. Business sentiment, however, was somewhat impaired by the financial crisis which has also extended to the Hungarian banking system and necessitating certain restrictions upon payments, banking transactions and foreign exchange.

France

In late July it was reported that there was practically a complete discontinuation of the strike in the Northern cotton mills of France. Most of the workers have resumed work and these mills are coming into operation again. Yarn and cloth business was reported to have been quite good early in July, particularly in the Vosges district, but quieted considerably about the middle of the month under the influence of German financial conditions and the decline in cotton prices. During the second half of July, however, cloth sales again picked up because of liberal retail business. French spinner purchases of raw cotton and price-fixing, however, contrary to other developments at the end of June, were very much res restricted. Mill stocks of cotton yarn and cotton goods were further reduced through the last of July sales improvement particularly in the Vosges. During the first half of August, however, French spinners complained of a complete lack of orders.

Early in July the break-down of a large spinning and manufacturing firm at Roubaix caused some uncertainty in business circles, and the losses the French industry has incurred through the strike have also been widely discussed.

Italy

Cotton mill activity in Italy in July was only between 60 and 70 per cent of single shift capacity, or about the same as in June. New business of the spinning and weaving establishments also remained limited, following a short revival at the end of June. Spinner demand for raw cotton, while moderate during the early part of July, became quite important during the second half, when price-fixing was also active. Some of the purchases were made for new crop cotton. It appears that Italian spinners, having been very reluctant buyers in recent months, even at times when other continental spinners were keenly interested, now find it necessary to buy for current needs.

Poland

The Polish Cotton Spinners' Cartel has been completed, with all cotton spinners at Lodz adhering to it. The Cartel has requested its members to work only one shift of 46 hours per week, beginning July 6, 1931, whereas Polish spinners during the last few months have been working about 115 per cent of full capacity. The Cartel, however, allows some of the smaller mills to produce 10 per cent more than the Cartel figure, and mills with weaving plants may produce up to 50 per cent more. The spinning mills spinning Egyption cotton and high counts (from No. 46 English up) do not belong to the Cartel. The summer season for cloth sales has been quite successful at Lodz.

Raw cotton buying by spinners continues limited, but Polish imports in 1931 show a level steadily above the low figures recorded last year. The figures are as follows.-

Table 5:- Cotton, all kinds: Imports into Poland

Year	April	May	June	Jan. - June
	Bales of 478 lb.	Bales of 478 lb.	Bales of 478 lb.	Bales of 478 lb.
1930	16,069	20,030	18,887	109,870
1931	27,133	25,076	25,274	134,144

Soviet Russia

Russian production of cotton fabrics during the quarter ending September 30, 1931, according to the recently increased plan, is to amount to about 808.2 million yards, which is about 153.1 million yards or 23.4 per cent above that of the preceding quarter and 159 per cent more than during the corresponding quarter of a year ago. This increase, however, only means a return to normal conditions, in view of the fact that July-September production in 1930 was greatly reduced as a result of shortage of raw material; compared with the corresponding period of 2 years ago, the planned increase is only about 6 per cent.

Production of cotton fabrics during the first half of the calendar year 1931 was 16 and 25 per cent, respectively, below that for the corresponding periods of 1930 and 1929, so that the large increase planned for the third quarter would little more than offset the reduced outturn in the previous two quarters.

Japan

Yarn production in Japan during July amounted to 86.9 million pounds compared with 85.5 million in June, 85.1 million in May and 71.8 million in July 1930. With the exception of July 1929 the production of yarn during the last month of the 1930-31 season was the largest for the month of July on record. The July production, which was 21 per cent above the corresponding month last year, was the only month during the 1930-31 season which was

above the corresponding month in 1929-30. Yarn production in Japan has shown a steady upward trend since July 1930 with the exception of the first three months of 1931. Total yarn production for the 1930-31 season was about 984.9 million pounds compared with 1,118.2 million pounds in 1929-30 and 1,072.2 million in 1928-29, a decrease of 11.9 and 8.1 per cent respectively. The 1929-30 yarn production was the largest on record.

The demand for piece goods during July and early August remained dull although exports during July amounted to 137.8 million square yards compared with 118 million in July 1930. Four of the leading Japanese mills are operating on a more profitable basis this year than in the past two years. According to reports for the six months ended June the combined profits of these companies amounted to 7.8 million dollars compared with 2.2 million in the corresponding period in 1930 and 4.3 million in the first half of 1929, or a gain in profits of 255 and 81 per cent, respectively.

The visible stocks of raw cotton in Japan continued to decline and at the end of July totaled 302,000 bales. This compares with 229,000 bales a year earlier, and 433,000 in 1929. American cotton stocks were also lower than in earlier months but above the end of July 1930, the comparison being: 196,000 bales at the end of July 1931, 111,000 and 153,000 bales at the end of July 1930 and 1929 respectively.

China

Increased buying of American cotton in China was reported about the middle of August by Agricultural Commissioner Dawson at Shanghai on the basis of the price decline which improved the price parity with Indian cotton. While stocks of American cotton at the end of July were fairly heavy and stocks of Indian only about normal, the price parity is favorable for an increase in the takings of American cotton by spinners in China.

Stocks of high count yarns in China at the end of July were not heavy and the Japanese mills were sold out well forward with Chinese mills not sold out quite to such an extent. The mill activity continues at a fair rate and fewer mills are closed than usual during this time of year.

Production, Acreage and Crop Conditions

United States

The condition of the 1931 cotton crop in the United States on September 1 indicated a production of 15,685,000 bales of 478 pounds net. This compares with a production of 13,930,000 bales last year, 14,828,000 bales in 1929 and the record crop of 17,977,000 bales in 1926. The 1925, 1914, and 1911 crops were also larger than the indicated 1931 crop. The indicated yield per acre for the new crop is 183.6 pounds which is 35.9 pounds greater than last year, 29.2 pounds above average and is higher than the yield secured in any year since 1914. Except in Georgia and Alabama, the indicated yield per acre in all important States is considerably above the yield last year. In Texas even with an 8 per cent decrease in acreage the production in that

State is forecast at almost 1 million bales more than in 1930. In some of the other States even a larger increase in yield per acre is indicated.

Ginning up to September 1 amounted to 565,000 running bales compared with 1,880,000 bales last year and 1,568,000 bales in 1929, and was the lowest amount ginned to that date since 1921. These low ginnings compared with previous years, in view of the prospective production, are perhaps due to the lateness of the crop, unfavorable weather in some sections, and to the fact that producers using hired labor are often able to get the picking done at cheaper rates if picking is postponed until most of the bolls are open. In addition, many producers who ordinarily hire part of the picking done are probably trying to use only family labor this year in an effort to reduce expenses.

India

The area planted to cotton in India up to the first of August this year was estimated at 13,926,000 acres compared with a revised estimate of 14,878,000 acres at the same date last year, according to a cable from the Indian Department of Statistics at Calcutta. T is is a decrease of 952,000 acres or 6.4 per cent compared with last year, 12.3 per cent below 1929-30, 8.3 per cent below the average for the previous 5 years, and was the lowest since 1924-25. During the past 5 years, the acreage reported in this first estimate has ranged between 59 and 63 per cent of the total acreage planted.

These acreage estimates are released about the 17th to the 24th of every other month beginning August and ending April. The official production estimates are released at the same time the acreage estimates are, except that the first estimate of production is not released until December.

China

The Chinese Cotton Mill Owners' Association forecasts the new crop in China at 1,850,000 bales of 478 pounds net against a 1930 crop of 2,457,000 bales or a decrease of almost 25 per cent. It should be noted, however, that this is the first time this association has attempted to forecast the cotton crop and due to inadequate facilities for securing information on the crop, the forecast may involve a considerable error. It is expected that a considerable reduction in production will occur in the Hankow district due to floods and in the Shantung due to excessive rain.

Egypt

The acreage in Egypt has been estimated at 19.2 per cent less than last year with an estimated decrease in the area in Sakellaridis of 42.8 per cent. It will be remembered that the Egyptian Government passed a law restricting acreage in the three principal Sakel producing provinces to 40 per cent of the area in cultivation.

Russia

Very little is definitely known as to the outlook for the new crop in Russia. Shortage of labor and equipment are indicated, however, from the numerous complaints of delayed cultivation, but similar complaints were made last year. As shortage of labor has always been a problem in the cotton regions of Russia the 50.5 per cent increase in acreage renders the cultivation and harvesting of the crop particularly difficult this year.

In some sections of Central Asia (Turkestan) the plants were in the first stage of blooming and the condition was reported to be average or above average, according to the report of the Weather Bureau of the Commissariat of Agriculture of U.S.S.R., for the first ten days of August, published in the "Socialist Agriculture", August 22, 1931. In other sections of this region, the bolls were beginning to open and the condition of the crop is reported as satisfactory. Central Asia (the Republics of Uzbekistan, Turkmenistan and Tadjikistan) accounts for almost 60 per cent of the 1931-32 Russian cotton acreage. See World Cotton Prospects, July 25, 1931, p. 18 for regional distribution of Russian acreage.

In the western part of North Caucasus, the plants were blooming and in the eastern part of the region, bolls were beginning to form; condition is reported as satisfactory. North Caucasus is one of the new regions of cotton cultivation in Russia where a large increase in acreage has occurred this year. In Crimea, which is similarly a new cotton region, the condition of the crop is reported as satisfactory.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-73 October 10, 1931

WORLD COTTON PROSPECTS

Summary

Cotton prices declined throughout September and into October. On October 6 middling spot cotton at the 10 designated markets averaged 4.89 cents per pound. The tendency for the difference in prices of American over Indian cotton to narrow has recently become very pronounced. At Bremen this price parity has become as extreme as it was in 1926 when mills shifted from Indian to American cotton. In China and Japan, American cotton is also becoming cheap relative to Indian cotton and this probably explains in part the relatively large forward purchases of American cotton.

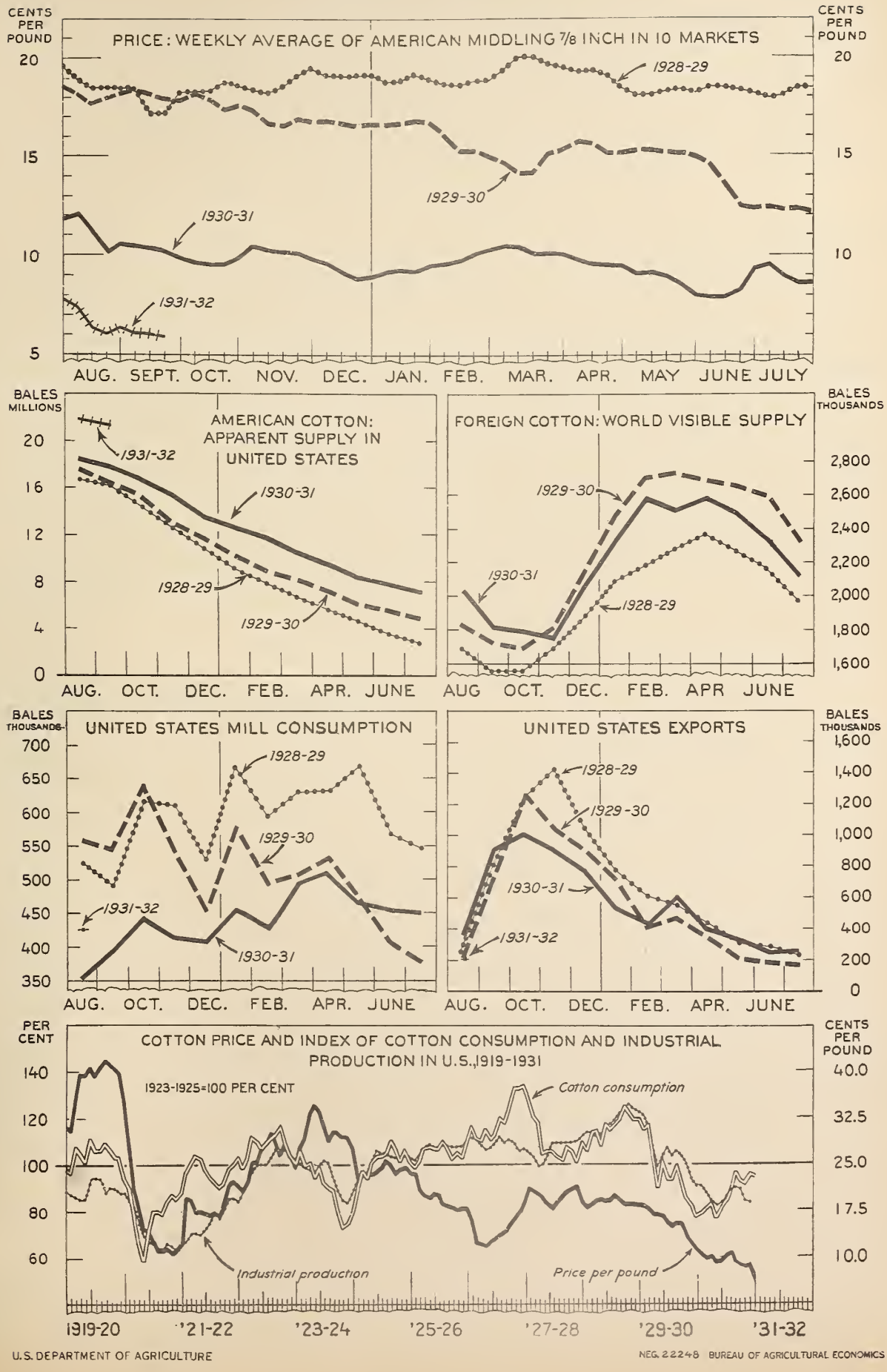
Stocks of American cotton at specified locations at the end of July indicated that the world carry-over of American this year was about 37 per cent (about 2.4 million bales) above last year while the carry-over of Indian cotton was probably the smallest since 1927. The world carry-over of Egyptian was about 13.7 per cent above the large carry-over of last year. While stocks of sundries cotton were slightly larger than last year they were smaller than in 1929 and 1926. In the nine countries where about 86 per cent of the total world mill consumption occurs, mill stocks of raw cotton were smaller on August 1 this year than a year earlier except for three countries, France, India, and Russia. Mill stocks of American were smaller in all of these countries except France, China, and India, while mill stocks of Indian cotton were smaller in all but France. Most countries reported larger stocks of Egyptian although the decreases in the United States and Russia were sufficient to reduce the total about 19,000 bales. The only important increase in stocks of sundries cotton at mills was in Russia.

While exports of American cotton during August and September have been below last year, the amount going to the Orient continues to run above a year ago. Domestic consumption during August was considerably above August 1930; therefore, disappearance from the United States was almost equal to last year.

In France and central Europe, spinning and weaving mill activity is thought to have declined during August while in Great Britain late reports indicate some improvement in sales of goods and yarns with some mills now operating which have been closed for more than a year. In the Orient, conditions continued to improve. August yarn production in Japan was 20 per cent above last year and the highest since May 1930 and exports of piece goods increased over July and were almost 10 per cent above August, 1930. Chinese mill activity during the summer has been maintained at a good rate, some improvement in low count yarns has recently been reported, and movement into the interior has been in fair volume.

The condition of the domestic crop on October 1 indicated a production of 16,284,000 bales while the ginnings reports indicate that harvesting is slow. Information on foreign production is still meager. In Russia, where the cotton acreage is said to have been increased 50 per cent, reports now forecast a large increase in production. As discussed later, these forecasts appear to be entirely too large. Egypt has an acreage decrease of 19 per cent and the first forecast of production places the crop 20 per cent below last year. The 1931-32 crop in India is expected by the Bombay cotton trade to be close to the 1930-31 production, while in Brazil a rough estimate places the new crop considerably above the short crop of last year and slightly above the 1929-30 crop.

THE COTTON PROSPECT



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

Prices

The average spot price in the 10 designated markets declined during the period from August 28 to September 28 about a cent per pound, the quotation on September 28 averaging 5.42 cents and compares with 9.58 cents on September 27, 1930. The spot price at New York on September 28 was 6.10 cents per pound for middling 7/8 inch and was the lowest price recorded in that market since June, 1899. The average price received by producers in the United States on September 15 was 5.9 cents per pound, compared with 6.3 cents on August 15 and 9.9 cents on September 15, 1930.

At Liverpool, cotton price quotations in terms of pence showed marked advances between August 28 and September 25 due to the decline in the exchange rate of sterling. At Bremen, Indian cotton during August was extremely high-priced in comparison with American, according to reports from Agricultural Attache L. V. Steere at Berlin. The comparative price of Indian was almost as high as in 1926 when a pronounced shift from Indian to American cotton occurred in European mill consumption. In Japan, spot prices of American were reported to have declined 7 per cent from August 22 to September 21 whereas Indian Comra declined only 5 per cent which further improved the parity of American cotton there. The price parity of American cotton in Japan as related to Indian has continually improved for several months. A similar situation is reported in China with forward purchases of American cotton relatively larger than usual.

Stocks and Movements

Stocks of cotton on July 31 (carry-over)

In recent years those interested in the cotton situation have given considerable attention to the amount of cotton on hand at the end of the season (July 31). These stocks figures have become quite generally known as the "carry-over." Literally this means the amount of cotton carried over from the previous season into the new season which when added to the production gives the total supply for the season. The "carry-over of cotton in the United States" is very nearly what the phrase implies, for the Bureau of the Census makes a rather complete survey of the amount of cotton held in the United States. In the case of the "world carry-over" the figures do not include all cotton such as that on farms and at interior towns in foreign producing countries unless held by cotton mills. These figures, however, are more or less comparable from year to year and show in a general way the changes in the world carry-over. In Tables 1 to 6 the stocks of American, Indian, Egyptian, and Sundries cottons at specified locations at the end of July are shown for the eleven years ended in 1931.

In Table 1 stocks of all kinds of cotton held at specified locations at the end of July are shown and as may be seen the total this year amounted to 13,339,000 running bales compared with 11,242,000 bales last year or an increase of 18.7 per cent. While stocks this year were larger than in 1927 they were not as large as in 1921 by about 512,000 bales. Stocks at mills were the lowest since 1925 (see discussion on mill stocks page 9), but port stocks (except in Bombay) and stocks of American in the United States were considerably larger than last year.

Total stocks of American cotton at the specified locations shown in Table 2 amounted to 8,708,000 running bales this year compared with 6,377,000 bales and 4,564,000 bales one and two years earlier or an increase of 37.5 and 92.1 per cent respectively. In 1927 American cotton at these locations totaled 7,773,000 bales, but the greatest amount was held in 1921 when the total amounted to 9,489,000 bales.

While stocks of all cotton and stocks of American at the end of July this year were the largest since 1921, stocks of Indian (See table 3 also table 6) were the smallest since 1927 amounting to 2,481,000 bales compared with 2,910,000 bales last year, 2,980,000 bales in 1929, and 3,069,000 bales in 1928. Stocks of Egyptian cotton, on the other hand, (Tables 4 and 6) were 110,000 bales larger than in 1930 which was itself the largest of the last decade. Although stocks of Sundries cottons were slightly larger than last year they were smaller than in 1929 and 1926 by 20,000 and 51,000 bales respectively.

Table 1.- Cotton, all kinds: Stocks at specified locations at the end of July

Location	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Mill stocks 1/	4,597	5,162	4,055	3,574	4,267	4,498	5,407	4,787	4,863	4,498	4,322
Port stocks 2/											
Great Britain	1,171	851	432	456	639	943	1,297	763	839	821	951
Continent	560	486	186	295	318	345	842	677	490	532	790
Bombay	1,189	987	502	654	598	525	621	1,143	993	958	719
Alexandria) United States) 3/	265	223	136	51	55	205	304	205	215	476	594
										30	--
Afloat 2/											
For Great Britain	150	126	75	122	142	165	142	109	119	92	102
For Continent	348	219	209	195	222	227	328	323	290	253	170
Bombay Harbor	2	15	2	3	9	4	2	1	12	8	--
Stocks of American in United States 4/											
In public storage	3,639	1,413	838	641	487	1,893	1,803	1,156	923	2,804	4,491
Elsewhere	1,700	135	280	160	250	510	535	335	275	470	850
Port stocks and afloat 5/											
Japan and China	250	300	250	200	300	250	375	325	250	300	350
Total	13,851	9,887	6,995	6,351	7,267	9,535	11,356	9,824	9,269	11,242	13,339

1/ International Federation of Master Cotton Spinners and Manufacturers' Association and Bureau of the Census.
2/ The Liverpool Cotton Association Weekly Circular except port stocks in Bombay which are from Commercial and Financial Chronicle.
3/ Egyptian cotton in Alexandria and the United States.
4/ Bureau of the Census; does not include mill stocks.
5/ From Commercial and Financial Chronicle.

Table 2.- Cotton, American: Stocks at specified locations at the end of July

Location	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Mill stocks:											
In United States 1/	1,111	1,218	1,100	638	737	1,011	1,325	935	932	1,048	921
Outside United States 2/	1,144	1,251	716	689	1,046	958	1,731	1,177	1,197	937	954
Total mill stocks . .	2,255	2,469	1,816	1,327	1,833	1,969	3,056	2,112	2,129	1,985	1,875
Stocks in public storage in United States 1/	3,639	1,413	868	641	487	1,893	1,803	1,156	923	2,804	4,491
Stocks elsewhere in United States 1/	1,700	125	280	160	230	510	535	335	275	470	850
Port stocks: 3/											
Great Britain	750	505	161	200	381	557	954	486	419	294	426
Continent	498	442	112	194	249	272	790	616	411	407	691
Afloat: 3/											
For Great Britain	90	53	9	28	19	22	26	26	17	15	10
For Continent	307	120	108	116	124	134	234	200	140	102	75
Port stocks and afloat:											
Japan and China 4/	250	300	250	200	300	250	375	325	250	300	350
Total . .	9,489	5,427	3,604	2,866	3,623	5,607	7,773	5,256	4,564	6,377	8,768

1/ Bureau of the Census.
2/ International Federation of Master Cotton Spinners' and Manufacturers' Association.
3/ The Liverpool Cotton Association Weekly Circular.
4/ From Commercial and Financial Chronicle.

Table 3.- Cotton, Indian: Stocks at specified locations at the end of July

Location	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Mill stocks 1/	1,760	1,805	1,623	1,592	1,599	1,589	1,515	1,728	1,761	1,667	1,568
Port stocks:											
Great Britain 2/	58	23	62	96	35	19	13	54	57	77	73
Continent 2/	54	16	51	77	49	34	21	38	34	58	40
Bombay 3/	1,189	967	502	654	598	525	621	1,143	993	958	719
Afloat: 2/											
For Great Britain	4	13	28	12	22	12	17	14	13	20	16
For Continent	26	81	88	60	55	50	53	91	105	122	65
Bombay harbor	2	15	2	3	9	4	2	1	12	8	-
Total	3,073	2,920	2,356	2,494	2,367	2,233	2,247	3,069	2,980	2,910	2,481

1/ International Federation of Master Cotton Spinners' and Manufacturers' Association.
2/ The Liverpool Cotton Association Weekly Circular.
3/ Commercial and Financial Chronicle.

Table 4.- Cotton, Egyptian: Stocks at specified locations at the end of July

Location	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Mill stocks 1/	181	211	220	188	181	201	210	170	228	257	218
Port stocks 2/:											
Great Britain	75	97	89	41	38	41	58	51	59	43	59
Continent	11	11	10	9	5	8	9	7	6	13	10
Alexandria	265	225	136	51	55	205	504	205	215	476	594
United States										30	-
Afloat 2/:											
Great Britain	14	14	8	7	4	5	13	5	8	1	21
Continent	10	9	9	8	5	8	10	3	13	4	12
Total	556	565	472	304	288	468	604	446	529	804	914

1/ International Federation of Master Cotton Spinners' and Manufacturers' Association.
2/ The Liverpool Cotton Association Weekly Circular.

Table 5. - Cotton, sundries: Stocks at specified locations at the end of July

Location	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Mill stocks 1/	401	677	396	467	654	739	626	777	745	609	661
Port stocks 2/:											
Great Britain	288	226	120	119	185	326	272	172	304	407	393
Continent	17	17	13	15	15	31	22	16	30	54	49
Afloat 2/:											
For Great Britain	22	46	30	75	97	96	86	64	76	56	55
" Continent	5	9	4	11	38	35	26	24	32	25	18
Total	733	975	563	687	989	1,227	1,032	1,053	1,196	1,151	1,176

1/ International Federation of Master Cotton Spinners' and Manufacturers' Association. 2/ The Liverpool Cotton Association Weekly Circular.

Table 6. - Cotton, by kinds: Summary of world stocks at the end of July

Kind	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
American	9,489	5,427	3,604	2,866	3,623	5,007	7,773	5,256	4,564	6,377	8,7[illegible]
Indian	3,073	2,920	2,356	2,494	2,367	2,233	2,247	3,069	2,980	2,910	2,4[illegible]
Egyptian	556	565	472	304	288	468	604	446	529	804	9[illegible]
Sundries	733	975	563	687	989	1,227	1,032	1,053	1,196	1,151	1,17[illegible]
Total	13,851	9,887	6,995	6,351	7,267	9,535	11,656	9,824	9,269	11,242	13,3[illegible]

Mill stocks in the principal cotton consuming countries

A detailed report of mill stocks as reported by the International Federation is now available and in Table 7 mill stocks in the nine principal cotton consuming countries are shown for August 1 this year compared with August 1 last year. For data on mill stocks for earlier years see World Cotton Prospects, May 29, 1931. Consumption for the nine countries shown in the accompanying table was about 86 per cent of the total world mill consumption in 1930-31. Of these countries all but France, India, and Russia had smaller total stocks this year than last. Mill stocks of American cotton, however, were larger in France, China and India. In all of these nine countries except France, stocks of Indian were smaller than last year, while all countries except the United States, Great Britain and Russia showed larger stocks of Egyptian and in Great Britain the mills reported the same amount of Egyptian cotton at the beginning of the 1931-32 season as in 1930. The decrease in the United States and Russia was sufficient however, to reduce total mill stocks of Egyptian cotton in all countries to 218,000 bales compared with 237,000 bales in 1930.

Mill stocks of Sundries cotton were larger in Russia, Germany, Italy, and India, while in the other five countries shown here stocks were smaller this year, but the large increase in Russia was largely responsible for the total stocks of Sundries in all countries being 52,000 bales or 8.5 per cent above last year. It will be noted that Russian mills have smaller stocks of American, Indian, and Egyptian cotton, which is due largely to the fact that Russian production has increased.

Table 7.- Cotton: Mill stocks in specified countries by growths, on August 1, 1930 and 1931

Country	American		Indian		Egyptian		Sundries		Total	
	Aug. 1 1930	Aug. 1 1931	Aug. 1 1930	Aug. 1 1931	Aug. 1 1930	Aug. 1 1931	Aug. 1 1930	Aug. 1 1931	Aug. 1 1930	Aug. 1 1931
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
United States	1,048	921	21	17	64	28	23	19	1,156	985
Great Britain	57	53	38	35	35	35	57	51	187	174
Germany . . .	94	72	59	40	13	15	13	14	179	141
Japan	175	163	254	241	9	12	21	9	459	425
France . . .	150	173	118	141	32	36	33	26	333	376
Italy	132	124	71	53	9	14	4	8	216	199
China	53	66	129	81	1	4	228	152	416	303
India	14	35	809	855	5	27	32	41	860	958
Russia 1/. .	16	-	7	6	35	15	74	190	132	211
Total above countries	1,744	1,607	1,506	1,469	203	186	485	510	3,938	3,772
World total	1,985	1,875	1,667	1,568	237	218	609	661	4,493	4,322

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
For data for earlier years see World Cotton Prospects, May 29, 1931.
1/ Stocks in Russia on August 1, 1931 are estimated by the International Federation from Trade Reports.

Exports of American cotton

During August exports of cotton from the United States amounted to only 211,000 running bales compared with 366,000 bales in August 1930 and 226,000 bales in August 1929, according to reports from the Bureau of the Census. Not since 1920 have exports in August been as low as in August this year. The new crop is late and the movement into sight is probably the lowest since 1920 but the significance of this in retarding exports is partly offset by the fact that domestic stocks are with the exception of 1921, the largest on record. Exports have continued to run below last year during September, according to trade reports.

During August exports of American cotton to Japan amounted to 53,000 bales compared with 37,000 bales last year while exports to most other countries were considerably below last year. Exports to France amounted to 8,000 bales in August this year compared with 57,000 last year, Germany took 21,000 compared with 125,000 and the United Kingdom 7,000 against 55,000. Late trade reports show that exports to the Orient continue to run above last year.

Apparent supply of American cotton in United States

On September 1 the condition of the crop indicated a production of 15,685,000 bales which together with the carry-over of American cotton in the United States on August 1 pointed to a total supply of American cotton for the 1931-32 season of 21,947,000 bales for domestic use and exports. Exports and domestic consumption in August amounted to 626,000 bales leaving as the apparent supply in the United States on September 1, 21,321,000 bales. This compares with 17,957,000 bales a year earlier and a 5-year average 1926-1930 of 16,682,000 bales. The October estimate of production, of course will add 599,000 bales to both the total supply and to the supply remaining in the United States. The apparent supply in the United States this year is much larger than in any previous year. In 1921 when the carry-over was larger than this year the crop was much smaller and the disappearance in August (domestic consumption and exports) was larger. In 1926 when the record crop was produced the carry-over in the United States was more than 3 million bales less than this year and in that year disappearance was considerably greater than in August this year.

These calculations on the apparent supply do not take into consideration the variations in the amount of cotton ginned prior to August 1 from the growth of one crop year which becomes a part of the supply for the season ended August 1. Of the 1931 crop there were about 7,000 bales ginned prior to August 1 which should be counted in the supply for the 1930-31 season. These 7,000 bales are included in the carry-over and also in the estimate of the crop. By adding the two together some allowance is made for the ginnings prior to August 1 next year. Stated another way the failure to exclude cotton ginned prior to August 1 simply assumes that about the same amount will be ginned each year or that the difference will not be large enough to be of material significance. During the past five years the difference has averaged about 62,000 bales which is a relatively small amount compared with the total supply.

Continental European spinners' takings

For the last seven weeks of the 1930-31 season spinners on the Continent took about 380,000 bales of American cotton compared with 406,000 during the corresponding period in 1929-30 or a decrease of 6.4 per cent. During the entire season just passed, takings amounted to 3,507,000 bales compared with 4,177,000 and 4,877,000 bales respectively in the 1929-30 and 1928-29 seasons, a decrease of 16.0 and 28.1 per cent. In the first five weeks of this season 212,000 bales were reported to have gone to spinners on the Continent which was a decrease of 25.1 per cent from the same time in 1930-31 and 39.9 per cent below 1929-30.

Textile Situation

In the United States, the cotton textile industry is said to be regulating production in line with sales in order to prevent an accumulation of excess stocks. During August total consumption of raw cotton declined, whereas ordinarily August shows an increase over July. This decrease was probably due in part to the fact that sales in July were considerably less than in June while cotton consumption was above June. In the standard cotton cloth industry, production in August was above July which may have been due to an anticipation of increased sales in September and to the small stocks of goods. During the

past three years sales in September have averaged 48 per cent above August and at the end of August this year stocks of cloth were the lowest since comparable figures have been available.

In France and central Europe, cotton spinning and weaving mill activity is thought to have declined during August while in Great Britain the exports of piece goods and yarns continue to reflect the low demand from foreign countries, particularly India, which, with the domestic demand unimproved, means that the reduced spinning and weaving mill activity probably continued. Cables for the week ended September 25, however, from Manchester and Liverpool, indicate a considerable improvement in sales of goods to China, sales of yarn larger than for several years and an improved demand for raw cotton. In addition an agreement among some of the weavers to operate more looms per worker has enabled some mills to open which have been closed for more than a year. Stocks of yarn and cotton goods on the Continent have shown a tendency to rise recently. The stocks in central Europe are not considered burdensome, however, due to heavy reductions in previous months, but in western Europe the situation is not so favorable.

In Japan and China conditions continue to improve. Yarn production in Japan during August was the highest since May 1930 and piece goods exports were almost 10 per cent above last year.

Summary of mill consumption in important countries

The detailed report of the International Federation showing mill consumption by countries is now available. In Table 8, the consumption in the nine most important cotton consuming countries for the 1929-30 and the 1930-31 seasons is shown. What happened in the United States is generally known already - consumption of American decreased 12.4 per cent in 1930-31, Indian 29.5, Egyptian 48.9, Sundries 17.6, and the total of all kinds 13.4 per cent. In Great Britain, however, American was 32.8 per cent below 1929-30, Indian 54.0 per cent above, Egyptian 19.6 per cent below, Sundries 4.6 per cent below, giving a decrease of 20.5 per cent for all kinds. In Germany, consumption of American, Indian, and the total of all kinds showed decreases of 22.1, 23.2, and 17.9 per cent respectively; consumption of Egyptian amounted to only 2,000 bales less while that of Sundries increased 62.7 per cent. In France, Sundries and Egyptian suffered most, Indian remained the same, and American decreased 18,000 bales or 2.5 per cent.

Japanese consumption of American for the season decreased 14.7 per cent and somewhat similar decreases took place in consumption of other growths resulting in a decrease of 14.4 per cent in the total of all kinds. In Italy 28.5 per cent less American cotton was consumed in 1930-31 than in 1929-30. East Indian and Sundries also showed a decrease while Egyptian remained the same. China and India both consumed more American, Indian and Egyptian cotton than in 1929-30 and less Sundries. Russia on the other hand consumed approximately 81.6 per cent less American, consuming practically none during the last half of the season.

Summarizing the mill consumption in 1930-31 compared with 1929-30, American cotton showed a decline in all countries of 2.1 million bales or 16.2 per cent, the greatest percentage decreases taking place in Russia, Great Britain, and Germany. Total mill consumption of Indian decreased only 3.7 per cent with the most important decreases taking place in Germany, Japan, and Italy while in the other important consuming countries consumption was about the same or above 1929-30. Important decreases in the consumption of Egyptian took place in the United States and Great Britain, minor decreases in Japan, France and Germany with the total for all countries down 9.1 per cent. Consumption of Sundries was less in all countries except Germany, but no country showed a material decrease, the total of all countries being only 5.8 per cent less than in 1929-30. The total of all cotton was less in all important countries except China and India with the greatest decline in total consumption taking place in Italy, 21.8 per cent, Great Britain, 20.3 per cent, and Germany, 17.9 per cent. In Japan the decrease was 14.4 per cent, Russia 13.7 per cent, United States 13.4 per cent and in France 4.2 per cent.

Table 8.- Cotton: Mill consumption in specified countries by growths, 1929-30 and 1930-31

Country	American		East Indian		Egyptian		Sundries		Total	
	1929-30	1930-31	1929-30	1930-31	1929-30	1930-31	1929-30	1930-31	1929-30	1930-31
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
United States	5,811	5,091	61	43	137	70	51	42	6,060	5,246
Great Britain	1,474	991	188	252	301	242	502	479	2,465	1,964
Germany . . .	923	719	271	208	78	76	51	83	1,325	1,086
Japan	1,092	931	1,697	1,500	42	36	166	98	2,997	2,565
France . . .	728	710	224	224	118	104	101	84	1,171	1,122
Italy	364	475	261	236	52	52	24	20	1,001	783
China	292	362	463	520	3	8	1,539	1,439	2,297	2,329
India	43	52	2,243	2,298	13	52	120	111	2,419	2,513
Russia 1/. .	283	52	113	114	52	60	1,661	1,595	2,109	1,821
Total above countries	11,310	9,383	5,521	5,395	796	700	4,215	3,951	21,842	19,429
World total	13,023	10,907	6,087	5,830	937	852	5,162	4,864	25,209	22,483

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.
For data for earlier years see World Cotton Prospects, April 30, 1931.
1/ Consumption in Russia during the last half of the 1930-31 season was estimated by the International Federation from trade reports.

United States

Cotton consumption in domestic mills during August amounted to about 426,000 running bales, a decline of about 25,000 bales from July, but was 73,000 bales or 20.8 per cent above August, 1930, according to reports of the Bureau of the Census. Ordinarily consumption during August is several thousand bales above July, but in view of the larger than seasonal advance in consumption during July accompanied by a large decrease in sales, some decrease in mill activity was to be expected.

The situation in the domestic standard cotton cloth industry showed a slight improvement during August with production, sales, and shipments all above July and a decrease of 6.9 per cent in stocks on hand, according to the reports of the Association of Cotton Textile Merchants in New York. Sales, however, are below production and shipments, and as a result unfilled orders decreased about 21.6 per cent while production was maintained about 20 per cent above sales during August. Some of this increase in production may have been due to the fact that during the past three years sales during September have averaged 28,000 yards per week or 47.8 per cent above August. This section of the domestic cotton textile industry which is apparently well organized has been striving to keep production in line with consumption and as a result stocks on hand at the end of the month have decreased from a high point of 466 million yards in June 1930 to 251 million yards on August 31, 1931. These are the lowest stocks held since prior to August 1927 when comparable data were first available.

Great Britain

The cotton industry in Great Britain continues to feel the effect of the depression in foreign countries as well as at home. The seriousness of Great Britain's economic conditions has recently been brought to the eyes of the world by the decision to suspend the gold standard as a basis for their monetary system. Conditions in countries as affecting the British cotton mills are indicated by the accompanying table giving exports of piece goods by months in 1929-30 and in the 1930-31 season. This table also shows the importance of trade conditions and relations in and with India. During the 1929-30 cotton season total exports of piece goods to all countries amounted to 3,067.4 million square yards while in 1930-31 total exports amounted to only 1,746.6 million square yards or a decrease of 43.1 per cent. In the 1929-30 season exports to India amounted to 1,152.6 million square yards or 37.6 per cent of the total exports from Great Britain. During the past season India took only 383.7 million square yards which was only 22.0 per cent of the total piece goods exports and represented a 66.7 per cent decrease from 1929-30. In considering the table it should be recalled that in April 1930 India increased her tariff and at the same time placed the boycott on foreign goods. This was accompanied by a rather marked decline in Great Britain's exports to India, exports in April amounting to only 64.4 per cent of those in March. From this it is easy to see why the cotton industry of Great Britain is vitally interested in the improvement of trade relations with India. Trade reports from Manchester indicate that the Lancashire merchants are taking a great deal of interest in the London conference which brought representatives of India to Great Britain and that they are extending special invitations to these delegates to visit their cotton mills.

Table 9.- Cotton piece goods: Exports from Great Britain, 1929-30 and 1930-31

Months	1929-30			1930-31		
	Total to all countries	To India 1/		Total to all countries	To India 1/	
	Million square yards	Million square yards	Per cent of total	Million square yards	Million square yards	Per cent of total
Aug.	321.3	129.3	40.2	168.0	42.2	25.1
Sept.	237.5	89.9	37.9	142.7	22.7	15.9
Oct.	265.8	72.5	27.3	150.3	18.4	12.2
Nov.	284.0	104.6	36.8	130.3	18.9	14.5
Dec.	273.6	100.9	36.9	130.2	20.3	15.6
Jan.	313.2	126.0	40.2	155.6	28.9	18.6
Feb.	299.5	134.9	45.0	146.3	36.7	25.1
Mar.	281.3	130.8	46.5	136.4	34.7	25.4
Apr.	217.0	2/ 84.3	38.8	135.2	39.2	29.0
May	218.1	76.7	35.2	141.5	36.1	25.5
June	158.7	44.5	28.0	132.8	36.1	27.2
July	197.4	58.2	29.5	177.3	49.5	27.9
Total	3,067.4	1,152.6	37.6	1,746.6	383.7	22.0
Percentage change from previous year				-43.1	-66.7	

1/ India including Burma.
2/ Tariff increased and a boycott placed on foreign goods.

Total exports of piece goods in August amounted to 143.8 million square yards, a decrease of 33.5 million square yards or 18.9 per cent from July and 24.2 million or 14.4 per cent from August 1930. Exports of cotton yarn during August, however, were only 100,000 pounds below July and were 1 million pounds above August last year. While piece goods exports in August again showed a decline they were still considerably above the low point reached last November and December when the total amounted to slightly over 130 million square yards. The low point in exports of cotton yarn reached last September was 9.1 million pounds.

In cabled reports, from Manchester and Liverpool for the week ended September 25, China was reported as buying goods freely, sales of yarn were larger than in several years and there was a considerably better demand for raw cotton. Some mills are reported as having recently resumed operations after having been closed for about a year and a half. In these mills the workers have agreed to operate more looms which enables the mills to operate more profitably.

Continental Europe 1/

The heavy fall in cotton prices has quite generally caused extreme hesitancy among continental buyers of cotton yarn and cloth, which also made for a decrease in buying interest in raw cotton. In all important continental countries, as a result, spinner interest for new purchases of raw cotton has remained very limited, with reports from most sections indicating that only immediate needs were being covered. However, the drop in raw prices has been so drastic and the price level now reached is so low that some spinners in both central and western Europe, as well as Italy, have been induced to place larger fixing orders, with reports about the middle of September indicating that purchases of American cotton were in fairly large volume.

Continental spinner and weaver sales of yarn and cloth during the month of August, as already intimated, were very small, with some slight improvement toward the end of the month, when raw cotton prices also showed a firmer tone. The situation in western Europe, notably France, has become worse, and it is now evident that both sales and restrictions in activity in the latter country have been more important in recent months than was previously admitted. It is now obvious that the financial and other economic problems of central Europe, and now also those of England, have weighed heavily upon business sentiment in all continental markets.

Stocks of cotton yarn and cotton goods on the Continent have shown a tendency to rise recently because the reduced volume of sales has not been accompanied by corresponding reductions in mill activity. The stocks situation, however, is not unfavorable in central Europe, where heavy reduction has occurred in previous months, but it seems somewhat burdensome in western Europe for the moment. It is quite generally true that considerable losses have been encountered by the industry and the trade on such stocks through the sudden and heavy fall in the price of raw cotton, which was reflected, though to a less extent, in prices of manufactured products. It is not believed, however, that the losses incurred by continental spinners on raw cotton holdings were dangerous in extent, because of the cautious buying policy observed in recent months. Some exception is indicated from Poland, where losses on raw cotton by the industry are prominently mentioned in the press.

1/ Based on report dated September 5, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable on September 16.

Germany

The July report of German spinners and weavers indicated very unsatisfactory conditions during the second part of July, with a radical decline in sales of yarn and cloth as a result of the drop in raw cotton prices, which caused considerable hesitancy among buyers. It was further reported that the calling of old contracts declined considerably.

Conditions have not improved during the month of August, some reports indicating even worse business than in the second part of July. Toward the end of the month, however, some improvement in both new sales and deliveries on old contracts was reported, but early September reports indicated that new orders for both yarn and cloth were at a minimum. The shrinkage of new orders during the second half of July and early August has been attributed, to some extent, to the restrictions on payments incident to the German financial crisis. Meanwhile these restrictions have largely been done away with.

Activity in German spinning and weaving mills has not shown significant change in recent months, but it should be noted that spinning activity, which rose steadily from 77 per cent of the 1928 monthly average in January 1931, to 98.5 per cent in April, has declined somewhat since, and was estimated at 86 per cent in July 1931. Weaving mill activity continued to rise for a somewhat longer period, with this year's peak reached in June, when it was 71 per cent of full capacity as compared with 57 per cent in January 1931. The July figure has dropped below June to 69 per cent. These developments are not particularly unfavorable as weaving activity has recently been above the level of the same months last year. However, spinning activity figures have mostly been running below last year.

Spinner buying at Bremen was very quiet during August, but showed some improvement toward the end of the month, when an increase in price-fixing orders also indicated slightly more confidence in current cotton values. Of course, only the most necessary needs were covered and engagements for longer periods were generally avoided. All difficulties in the procurement of foreign exchange or in the disposal of foreign exchange on hand have been removed by a liberal interpretation and administration of official regulations.

Czechoslovakia and Austria

Both Czechoslovakia and Austria report continuance of generally unsatisfactory textile conditions, with respect to new business as well as mill activity, although operations in Czechoslovakia have shown a tendency to rise slightly in recent weeks owing to increased export sales to Danubian countries. A great drop in activity occurred in Austria around the middle of the year and low levels still persist. Austrian hopes for an improvement of textile exports to Hungary, as a result of the new commercial treaty with that country, have not been realized because business with Hungary has been almost completely cut off for some time by the foreign exchange restrictions imposed in Hungary. Arrangements are now being made to relieve this situation, however, through permitting Hungarian importers to acquire claims on Austria resulting from Hungarian exports to that country, and to make their payments for imported Austrian goods in this way.

Hungary

Hungary reports stagnant yarn sales and limited cloth business toward the end of August, with a tendency toward extreme caution among buyers because of the financial situation within the country. A recent statement of the Hungarian Textile Association indicates that the decline in textile consumption in 1930 in Hungary, compared with 1928, amounts to 30 to 40 per cent.

A recent statement by the Czechoslovakian statistician Uhlig points out the efforts of Hungary to make herself more and more self-sufficient with respect to cotton textile production. He gives the following dates as basis:

Table 10.--Hungary imports of cotton goods as a percentage of total consumption of finished goods

Year	Yarn	Grey goods	Finished fabrics	Others	Total share of imports	Share of domestic production
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
1925..	27	21	29	4	81	19
1929..	21	14	15	2	52	48
1930..	13	16	12	2	43	57
1931.. 1st quarter	12	10	7	2	31	69

France

It has become evident recently that declines in new cotton yarn and cloth business, as well as restrictions in mill activity in France during recent months, have been more important than was admitted by press and trade observers. It is now reported that the French cotton industry has accumulated quite important stocks of yarn and cloth because output was not reduced in conformity with the reduction in new sales. As a result, it is pointed out, the French industry has suffered certain losses through the heavy price decline in recent months. Conditions are reported very unsatisfactory in the Roubaix-Tourcoing district, as well as in Alsace. The Alsacian Cotton Association recently recommended to the industry a further curtailment of production. The question was also discussed whether or not it would be possible to buy old and obsolete factories to eliminate them from the industry, an idea also advanced several months ago in Czechoslovakia - without result.

While separate comparable figures for cotton mill production in France are not available, the following figures on general textile production in France may be of some interest. According to the French statistical office, textile production in France during the first quarter of 1931 amounted to 83 per cent of the quarterly average in 1913, and during the second quarter of 1931 had dropped to 77 per cent.

July reports from French cotton centers indicated some financial difficulties in the cotton industry, and it was recently reported that the industry in places is suffering considerably from rigorous credit withdrawals by British banks engaged in financing the French cotton industry. The slowness or reluctance of French banks in replacing these credits resulted in embarrassment for the industry.

Belgium

The Belgian cotton mill situation is still very unsatisfactory. The restriction of mill activity is considerable, in some cases amounting to even 50 per cent of single shift capacity. The industry is feeling the loss of the South American market because of the great fall in prices of agricultural products there, as well as monetary disorders in several territories. Numerous financial difficulties are also reported in the Belgian cotton mill industry.

Holland

Reports from Holland indicate small sales of cotton yarn as a result of a considerable reduction in weaving mill activity because of reduced export sales. A certain amount of short-time is also organized in Holland.

Italy

New reports are not available on recent developments in Italy, but it appears that conditions have not changed much from a month ago. Spinning mill activity around the middle of the year fell somewhat below the levels of January and February, and the same is true of weaving mill operations.

Activity, however, is now only slightly below the same time last year when the depression was already very severe. The decrease in activity as compared with 1928 and 1929 amounts roughly to 30 per cent. At the reduced prices purchases of American cotton were reported as fair about the middle of September while Indian cotton was being neglected.

Poland

New reports from Poland indicate that the heavy fall in raw cotton prices has caused considerable uncertainty in the industry and the trade and has intensified the difficult situation already existing. It seems that considerable losses have been encountered on raw cotton purchased prior to the August fall in prices, as well as on the stocks of yarn and goods held. Some financial difficulties were reported during August and a large Lodz cotton spinning mill was forced to ask for a moratorium. A certain seasonal improvement in cloth sales was indicated toward the end of August, and it is hoped that this will continue.

Owing to the continuance of difficult conditions in the Polish cotton industry, the formation of a large spinning and weaving trust has recently been discussed in the press and in interested circles.

Japan

During the period from August 22 to September 25, prices of American spot cotton in Japan declined 7 per cent while Indian Comra dropped 5 per cent, spot yarn 10 per cent and yarn future 10 percent which further improves the price parity of American, according to a report from Consul Donovan at Kobe. The report adds that the most important question facing the Japanese cotton spinning and weaving industry at the present time is the effect of recent events in China.

Yarn production continued to rise during August amounting to 88.6 million pounds compared with 86.9 million in July and 73.5 million in August 1930, or an increase of about 1.9 and 20.5 per cent respectively. This was the largest production of yarn for any month since May 1930 when about 92.9 million pounds of yarn were produced and was only 14.6 per cent below the record production of November 1929 when 103.8 million pounds were produced. The continued increase is due to good demand and to the increase in the number of spindles in operation. While yarn stocks were slightly larger than the previous month they were much below a year ago. Imports of Chinese yarns have practically ceased due to the decline in prices of Japanese yarn, but the Japanese spinners are said to be still able to produce at a good margin of profit.

Heavy orders of piece goods were placed by Chinese and Indian buyers during August and total exports amounted to 140.4 million square yards compared with 137.8 million in July and 128.0 million in August last year. This is an increase of 1.9 and 9.7 per cent respectively.

Imports of American cotton during August amounted to about 42,000 bales compared with about 36,000 bales in August last year. Total imports of American for the 1930-31 season has been placed at 1,134,000 bales. Imports of Indian amounted to 1,357,000 bales and all others to 255,000 bales. Visible stocks of American continued to decline and at the end of August

amounted to 161,000 bales and is reported as about normal.

China

Yarn and cotton prices in China continued to decline during the month ended about September 11, but fluctuations have been within rather narrow limits, according to cabled advice from Agricultural Commissioner Dawson at Shanghai. The demand for yarn was not considered unfavorable for this season of the year and some of the weakness in the market has been due to anticipation of decreased purchasing power in the flooded areas. It was reported that while many think that there are significant decreases in the demand for yarn due to the flood, the opinion is gaining ground that the reduced demand from this source has been exaggerated and that total consumer demand for all China is fully equal to last year.

Mill activity in China during the summer has been maintained at a good rate and stocks of yarn are about average. Some improvement in the demand for low count yarns was reported early in September and the movement into the interior has been in fair volume.

Stocks of native cotton are light and stocks of American and Indian cottons are not unusually heavy. From forward purchases of raw cotton already made it appears that more American cotton is being bought this year than last and that the proportion of American in comparison with Indian is increasing significantly.

Acreage, Production and Crop Conditions

United States

The October 1 condition of the 1931 crop pointed to a production of 16,284,000 bales of 478 pounds net which is 2,352,000 bales or 16.9 per cent above last year and 1,016,000 bales or 6.7 per cent above the 1925-1929 average of 15,268,000 bales. Ginnings up to October 1 amounted to only 5,408,000 running bales compared with ginnings to the same date last year of 6,304,000 bales and 5,751,000 bales for the 5-year average. The tardiness in the harvesting of the crop this year is probably due in part to efforts of producers to reduce costs by using only family labor in the harvesting.

India

No official reports have been received from India pertaining to the 1931-32 crop since the last release of this publication, but trade reports indicate that weather conditions have been favorable for the development of the new crop and although plantings up to August 1 were 6.4 per cent below the same time last season the crop is now expected by Bombay cotton men to be about the same as last year. The official estimate of the Indian Government placed the 1930-31 crop at 4,033,000 bales of 478 pounds which was the lowest production since 1921-22. The total acreage in India last year was 23,616,000 acres which was the lowest since 1922-23.

Egypt

The acreage in Egypt this year has been estimated at 19.2 per cent less than in 1930-31 and it was thought for a time that the shortage of water in the Nile would result in a serious reduction in acre yields. On August 8. however, Cotton Specialist P. K. Norris, stationed at Cairo, reported that the Irrigation Department of the Egyptian Government had announced that the water supply of the Nile was steadily increasing and that it is felt that there will be no further serious water shortage this season. The August official report on Egyptian cotton, however, admitted that the water shortage had reduced the yield of the 1931-32 crop. The shortage of water was particularly detrimental to the districts at the extreme ends of the canals of the Lower Delta. Most of that area is in Sakellaridis cotton which with the 43 per cent reduction in Sakel acreage points to a production of this variety far below average. By September 9, cotton bolls were opening in all parts of Egypt, and picking was under way in Upper Egypt, according to a recent report from Mr. Norris. The first official estimate of the 1931-32 crop which has just been received places the production at 1,329,000 bales or a decrease of 20 per cent from last year. Production of Sakellaridis is estimated at 34.3 per cent below 1930-31 and other varieties 15.0 per cent below.

A decree restricting the Sakellaridis area to 30 per cent and other cotton to 25 per cent of the cultivated area next year (1932-33) was approved by the Egyptian Government on September 21, according to a cable from Mr. Norris. Planting of Sakel in the Delta was restricted to 40 per cent of the crop acreage this year.

Anglo-Egyptian Sudan

The Sudan reports of seed issued to growers points to a decrease in acreage in some sections while in other sections the acreage will probably be larger, according to a recent report from Mr. Norris. A reduction in transportation charges is given as one factor which may stimulate planting. Plantings during August in the Sudan were slow due to unexpected rains reports Mr. Norris. Last year acreage in the Sudan amounted to 387,200 acres which was the largest on record. The yield per acre, however, was less than in the two previous years.

Brazil

A rough preliminary figure for the 1931-32 crop in Brazil based on unofficial estimates places production at 600,000 bales of 478 pounds, according to a cable on September 29 from Consul General Samuel T. Lee at Rio de Janeiro. Due to severe drought and pest damage, the 1930-31 crop was 408,000 bales as compared with 532,000 bales in 1929-30.

Russia

The Russian cotton picking campaign is expected to begin in earnest about the middle of September; the first lots of early cotton are already reported picked in some sections of Middle Asia. Cultivation of cotton is reported to have been effected to a greater extent than last year, but mention has also been made of the very superficial manner in which some of it has been carried out.

About two-thirds of the total cotton crop is expected to come from the State and Collective farms, chiefly the latter, and this fact is probably responsible for Government having fixed its plan for completion of the bulk of cotton harvest by December 1. Picking continued into January a year ago and some cotton appears to have remained unpicked when the snowfall occurred.

Estimates of the total Russian cotton crop are even more confusing than they were last year, and the confusion applies to the 1930-31 crop as well as to the 1931-32 crop. Last fall Russian estimates of the 1930-31 crop appeared unduly optimistic. As the season advanced the estimates were increased, finally reaching 2,050,000 bales. On the basis of other figures available, the likelihood of over-estimating the yields to be obtained in newly developed areas, and past experience in dealing with Russian figures, this Bureau adopted the figure of 1,850,000 bales as being more likely than the final last year's official figure to represent the Russian crop. (See Cotton Prospects, January 31, 1931). The International Institute of Agriculture has recently cabled that it now has a revised figure of 1,596,000 bales for the 1930-31 crop. This seems low, if the acreage figures are correct, for it would reduce the yield to about 197 pounds per acre the lowest since 1924-25 and compares with a 5-year average yield, 1925-26 to 1929-30 of 257.2 pounds per acre. Until more is known of the revised estimate it may be as well to continue using the figure of 1,850,000 bales for the 1930-31 crop, with the understanding that even that figure will probably be scaled downward and that the 2,050,000 figure appears less warranted than ever. If the figure of approximately 1,600,000 bales for the 1930-31 crop is substantiated it will have an important bearing on the expectancies for the future Russian crops, for it is only slightly above the previous peak of 1,512,000 bales reached in 1915-16 and is about in line with the average increase of approximately 200,000 bales yearly in the Russian crop since 1926-27, and it is in marked contrast to the increase of 700,000 bales or over 50 per cent that was formerly claimed to have occurred in 1930-31.

The experience with the 1930-31 crop needs to be kept in mind in evaluating forecasts of the 1931-32 crop. As stated in our earlier reports, Russian acreage figures for 1931 show an increase of 50 per cent over the 1930 figures. A cable from the International Institute of Agriculture states that, due to the increased acreage and an increase in yield per acre because of improved care, the 1931-32 crop is expected to be 80 per cent larger than the 1930-31 crop. This forecast is less probable even than the earlier estimate for last year. It neglects the problems that are likely to arise in establishing cotton growing in new areas, it disregards the fact that harvesting difficulties are likely to develop, especially where cotton was planted late in the season, and it makes no allowance for possible downward revisions in the acreage estimates. Finally it disregards the fact that this year 10 per cent more of the cotton acreage is in new regions where little if any irrigation is believed to be practiced and where yields per acre are almost certain to be lower than in older irrigated regions. All information now available points to some increase in the 1931-32 Russian cotton crop over that of 1930-31, but past experience indicates that such increase is likely to be moderate and not in keeping with claims now made for it. Such claims appear to reflect the Soviet "plan" and to disregard past experience.

Cotton picking started early in September in the principal cotton sections of Ukraine which is a newly developed cotton region of Russia with an area of about 400,000 acres (see World Cotton Prospects July 25, 1931 page 18). According to a report in Socialist Agriculture of September 14, 1931, the crop this year will exceed considerably the quantity called for by the "plan", and it is conservatively estimated at over 90,000 bales. Considerable harvesting and procuring difficulties are mentioned, however, due to the poor organization of the various agencies which are charged with the task.

Reports from several sections of North Caucasus, another newly developed cotton growing region of Russia with a 1931 cotton area of over 500,000 acres are on the whole favorable to the crop, according to "Socialist Agriculture", of September 18, 1931. The yield is forecast from 59 to 206 pounds per acre with the figure of 118 to 147 pounds per acre most frequently mentioned. The crop has matured and picking has begun. So far, little abandonment has been reported. Thus, in the Voronzovo-Alexandrovsky district, for instance, out of 36,000 acres planted to cotton only 1,700 acres were abandoned. It is expected that a great deal more cotton will be picked this fall after the appearance of frosts than last year. According to one authority, however, by properly treating bolls which do not open before the arrival of frost the yield may be not less than 118-147 pounds per acre (I. M. Kapriianov, "New Cotton Regions of U.S.S.R.)

Cultivation of Egyptian cotton in Russia

Efforts are being made in Soviet Russia to develop the cultivation of Egyptian cotton as part of the campaign for "cotton independence", or self-sufficiency in the matter of cotton supply. A recent decree of the Collegium of the Commissariat of Agriculture of U.S.S.R., set aside for the cultivation of Egyptian cotton six districts of the Tadjik Republic or Tadjikistan and southern districts of Turkmenistan (both in what was formerly known as Russian Turkestan), and two districts of Azerbaidjan in Transcaucasia. The decree calls for an acreage of about 250,000 acres in 1932 and nearly 340,000 acres in 1933 in these districts.

The most important of these sections is the Sarai-Kamarsk District in Tadjikistan (on the border of Afganistan) where the first experiments with the growing of Egyptian cotton in U.S.S.R. were made. In 1930, 741 acres were planted to Egyptian cotton in this district and in 1931, the acreage increased to 7,413 acres, according to an article in "Socialist Agriculture" of September 17, 1931. This district is to become a source of seed of Egyptian cotton for all other regions.

In addition to the regions where cotton is seeded directly in the fields, it is also provided that an area of about 50,000 acres in 1932 and about 170,000 acres in 1933 be devoted to Egyptian cotton in the more northern cotton regions where this cotton is transplanted after being started under glass. The report claimed that this method of growing cotton has given good results. It involves increased labor requirements, but these are more than offset by higher yields with the resulting lower cost of production, according to "Socialist Agriculture" for August 29 and September 17. It is hoped by Soviet Authorities that the increased labor expenditure will be reduced in the future through the use of labor saving devices thus reducing further

the cost of production. Experiments with transplanting of cotton were first tried in 1923. In 1930 the area devoted to transplanted cotton was estimated at 2,842 acres and this year it has increased to 14,826 acres according to "Socialist Agriculture" of September 11, 1931. The chief value of this method of growing cotton is said to consist in that it permits the cultivation of the late-maturing Egyptian types in many of the cotton regions of U.S.S.R. which are situated too far to the north to make possible the growing of such cotton with its long vegetation period in the ordinary manner. The yield per acre of transplanted Egyptian cotton in 1930 on a State farm located not far from Tashkent (Turkestan) was 609 pounds of lint per acre and on another State farm in the region of Fergana (Turkestan) was 618 pounds per acre. The yields obtained from the transplanted American types on the same State farms were 695-795 pounds per acre as against an average yield of 200 pounds per acre and highest yield of 412-471 pounds per acre where the cotton was planted directly in the fields. Similar or better results were obtained on some collective farms. It should be noted however that very probably these yields were all obtained on irrigated land and it also seems probable that these areas were given special attention. The fact that seed requirements are less in the case of transplanted cotton is also considered highly advantageous, especially since it facilitates rapid collection of a pure seed supply which is the aim of Soviet authorities. For maps of cotton regions in Russia, see Foreign Crops and Markets, August 3, 1931.

It is decreed that the growers of Egyptian cotton are to be encouraged by higher prices, increased grain rations, and privileges in the supply of manufactured goods.

Uganda

Cotton planted in Uganda up to the end of July as reported by the Department of Agriculture, Kampala, Uganda, was about 522,000 acres compared with plantings to the same date last year of 283,000 acres, according to a report from Vice Consul Oscar Thomason. Last year the total acreage was probably between 680,000 and 700,000 acres. The report indicates that plantings this year are earlier than usual and that increase over planting to the same date last year is not indicative of a large increase in the total. The report further states that rainfall and other weather conditions have been favorable to the development of the crop.

Mexico

The 1931-32 crop in Mexico has been estimated by the Ministry of Agriculture at 178,000 bales of 478 pounds net or an increase of 5.3 per cent over the 169,000 bales produced in 1930-31. Although the production is higher than last year the acreage is estimated at 17.3 per cent smaller, being 325,000 acres compared with 393,000 acres in 1930-31.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

I.C. EC752F Cotton

C-74 November 30, 1931

WORLD COTTON PROSPECTS

Summary

The October advance in cotton prices was influenced by the advance in prices of stocks, bonds, grains, and a few other commodities, by the increased textile activity in Great Britain which was stimulated since the abandonment of the gold standard, by improvement in exports, by the movement to hold some of the supply off the market, and by the unusually large domestic sales of cotton cloth. By the middle of November however, prices had lost about 40 per cent of the October advance and were only about 1 cent per pound above the low point reached on October 5.

The movement of prices in the past two months has resulted in the price of American cotton becoming still cheaper relative to other growths. During the first two weeks of November the price of American cotton at Liverpool compared with three important types of Indian cotton was as cheap as in 1926-27, when a decided shift to the consumption of American cotton took place. Similar improvements in the price relationship of American and foreign cottons were reported in German, Japanese, and Chinese markets. Spot cotton in the domestic markets has shown more strength in the past two months than in the futures markets and the spread between Middling 7/8 inch spots and the futures quotations are less than usual. This is due in part to a relative scarcity of low grades and short staples and in part perhaps to the holding movement.

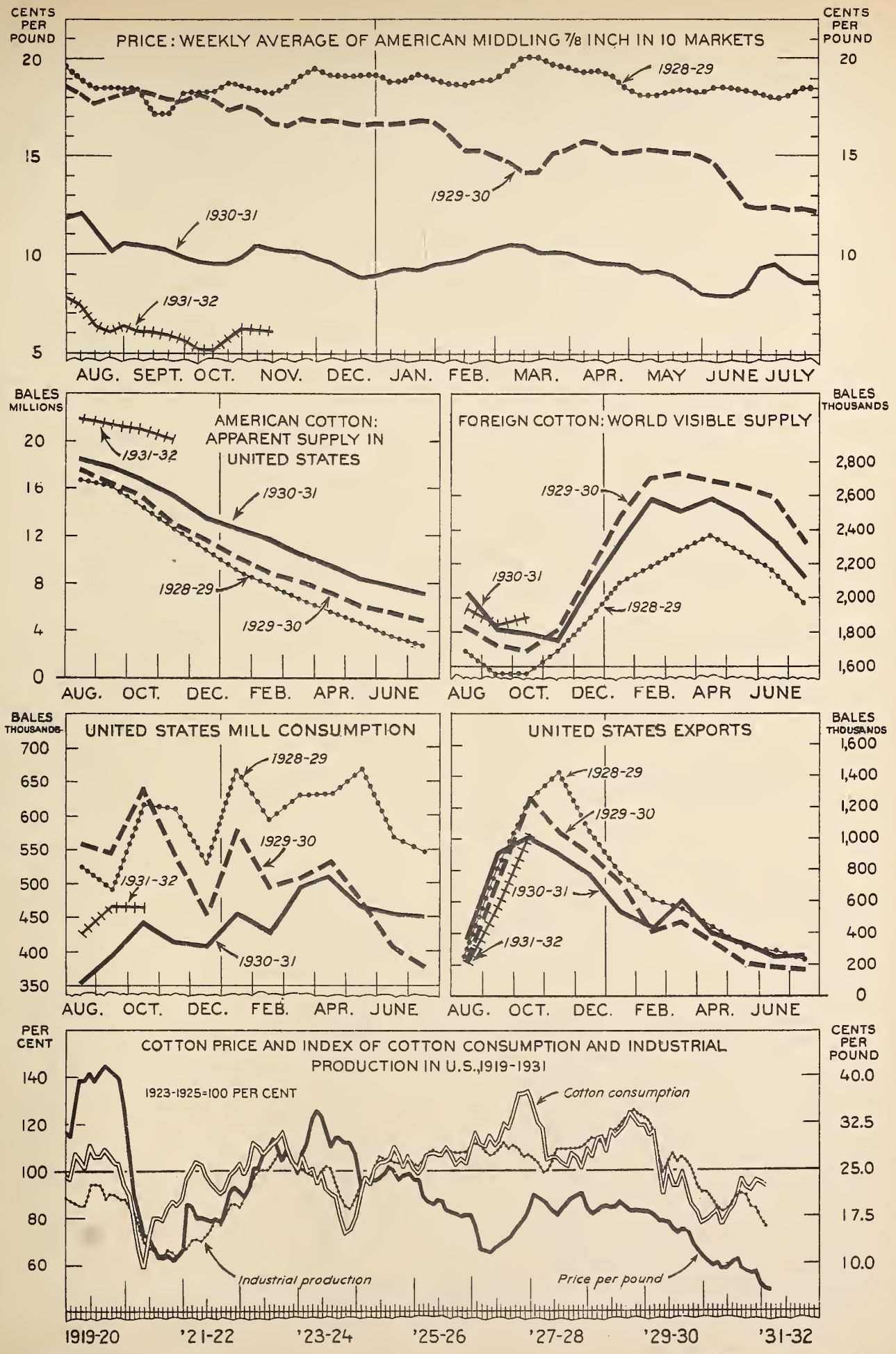
Developments in the cotton textile situation in the United States during October were on the whole somewhat favorable in spite of the fact that mill activity as measured by cotton consumption remained about the same as in September, as sales of cotton cloth, reported to the Association of Cotton Textile Merchants of New York, were at the highest rate for any month since September 1929 (25 months previous). This resulted in the largest increase in unfilled orders, in

actual yardage as well as in percentage, for any month since comparable statistics have been available. In Great Britain, mill activity in early November was estimated at between 75 and 100 per cent of capacity compared with 55 per cent in early October. The depreciation of the pound sterling enables the British manufacturers to compete more successfully in world cotton textile markets.

On the Continent the cotton textile situation has shown improvements in Germany and Italy, where spinning and weaving mill activity has either maintained the rate of previous weeks or has increased. In Germany, loom activity is some 10 per cent above last year. In Italy, mill stocks have further decreased and mill activity has shown some increase. The French industry is much depressed, mill activity being roughly 20 to 30 per cent below last year, mill stocks of yarn and cloth 30 to 60 per cent higher than last year, and unfilled orders low. About the middle of November, however, the domestic market for cotton goods was reported as broadening although exports continued low. Japan and China are both feeling the effects of increased competition from Great Britain and Japan is being seriously affected by the Chinese boycott, but the boycott has brought more business to Chinese mills and they are now very busy.

The indications now are that United States production will be about 2,971,000 bales larger in 1931-32 than last season and that foreign production will be at least 500,000 bales less. The November forecast of United States production added 619,000 bales to the previous indicated supply which itself was the largest on record. The present crop in addition to being large is the best in quality of any recent crop. Up to October 1 only 3.2 per cent of the cotton ginned was under 7/8 inch in staple, whereas last year there was 14.0 per cent and in 1929, 15.7 per cent. The Russian crop of 1930 is now estimated at 1,550,000 bales of 478 pounds and this Bureau is now adopting a figure of 2,000,000 bales for the Russian crop of 1931. This figure is 200,000 bales lower than the one recently published by this Bureau and is in marked contrast with the reports from Russia and the International Institute of Agriculture that the 1931 Russian cotton crop is from 70 to 80 per cent larger than the 1930 crop.

THE COTTON PROSPECT



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

Prices

Spots

Prices of American Middling 7/8 inch cotton in domestic markets as well as in foreign markets made substantial gains from the first to the third weeks in October and on the 16th of November were still more than 1 cent per pound above the low for the season reached early in October. The average price in the 10 designated markets which on October 5 was 4.89 cents per pound (the low for the season) advanced to 6.47 cents on October 23, but on November 18 was 5.82 cents per pound.

At Liverpool on October 2 American middling spot cotton sold at 7.02 cents per pound on the basis of the current rate of exchange and advanced to 8.12 cents on October 23, but since then has declined and on November 13 was 7.95 cents per pound. The movement of prices of other spot cotton in Liverpool has been somewhat in accord with the movement of prices of American cotton, but the net effect of the situation has been that American cotton has become relatively cheaper when compared with other cottons, particularly Indian, its most important competitor. During September three important types of Indian 1/ cotton at Liverpool averaged 81.6 per cent of American 1/, but in October Indian averaged 86.6 per cent of American. On Friday, November 6, a similar price comparison showed Indian cotton averaging 90.4 per cent of American and on November 13, 93.3 per cent. In October and November, 1930 prices of Indian cotton averaged 71.0 and 73.9 per cent respectively of the prices of American and in 1926 the October average was 89.6 per cent. (See Table 1.)

1/ Average of Friday quotations for three types of Indian (fully good, broach; fine, Oomra; and fully good scindeand two grades of American Middling and Low Middling.

Table 1.- Liverpool Spot prices of Indian cotton expressed as a percentage of American, Liverpool, by months, 1926-27, 1930-31 and 1931-32 1/

Month	1926-27	1930-31	1931-32
	Per cent	Per cent	Per cent
Aug.	85.6	61.2	82.1
Sept.	86.2	66.9	81.8
Oct.	89.6	71.0	86.6
Nov.	88.8	73.9	2/ 91.8
Dec.	90.5	71.9	
Jan.	89.8	72.2	
Feb.	90.0	75.2	
Mar.	89.8	74.6	
Apr.	89.7	74.6	
May	89.9	74.9	
June	90.9	78.5	
July	90.2	80.5	

1/ Average of Friday quotations for three types of Indian (fully good, broach; fine, Oomra; and fully good, scinde)divided by average of same days of American Middling and Low Middling.
2/ Average for Friday, November 6 and Friday, November 13, 1931. Only Friday quotations are available currently.

This means that at Liverpool the price of American is now cheaper relative to Indian than in 1926-27 when foreign consumers took a considerably larger proportion of American cotton than usual.

In Japan, prices of American spot cotton advanced 10 per cent from September 22 to October 22 while Indian cotton increased 16 per cent which further improved the price parity of American cotton in that important market.

In Bremen, the price of American relative to Indian about the middle of November was still cheaper than in previous years, except 1926-27.

Futures

Futures prices of American cotton during the past two months have shown slightly less strength than spot prices of Middling 7/8 inch cotton in the central markets. This may be seen by the fact that for the week ended September 12 the near (active futures) month of October on the New York exchange averaged 9.4 per cent (0.63 cents) above the average spot price in the 10 markets during that period, whereas during the week of October 5 to 10, the futures price averaged 8.5 per cent or 0.48 cents above, and for the week ended November 14, December delivery on the New York exchange averaged only 6.1 per cent or 0.40 cents above Middling 7/8 inch in the designated southern markets. The extensive holding movement over the South and the relative scarcity of low grades and short staples are apparently contributing to this situation. The grade and staple report of the cotton ginned prior to October 1 shows that only 3.2 per cent of the cotton ginned was under 7/8 inch in staple, whereas last year there was 14.0 per cent. The report shows that the grade of this year's crop is running even better than last year when the crop was very good.

Stocks and Movements

World supply of American Cotton

The latest estimate of the domestic crop for 1931 is 16.9 million bales of 478 pounds net or 500 pounds gross which when added to the world carry-over of about 8.8 million running bales gives an indicated supply for the 1931-32 season of 25.7 million bales compared with a little less than 20.2 million bales for the 1930-31 season, 19.3 million bales the season before, and 23.3 million bales for the 1926-27 season, the largest previous supply on record.

Exports of American cotton

During the first three months of the present season exports have totaled 1,783,000 running bales compared with 2,273,000 bales last year or a decrease of 22 per cent. The movement from this country during October, however, was slightly above October, 1930, being 1,014,000 running

bales compared with 1,004,000 bales. Exports to the Orient continue well above last year, Japan having taken 64 per cent more cotton during the first three months this season than during the August to October period last year. The greatest pick-up in exports during October was in those going to Great Britain. During August and September the amount of cotton exported to Great Britain was almost 81 per cent below last season, but in October was only about 14 per cent below October, 1930. Germany, Italy, France, and other European countries showed smaller improvements compared with October, 1930.

Imports of foreign cotton

From August 1 to October 31, 1931, imports of cotton totaled 15,298 bales of 500 pounds compared with 11,042 bales during the August to October period last year. The principal increase has been in Egyptian cotton, the total this season being 6,816 bales compared with only 25 bales last season. Imports from India are running below the early part of the 1930-31 season.

Stocks at consuming establishments in the United States

During the past twelve months stocks of all cotton held in consuming establishments have been below the corresponding period of the previous year. At the end of October the 1,116,000 running bales held by domestic mills was 219,000 bales, or 18 per cent, below October 31, 1931. The same situation has been true in regard to mill stocks of American cotton and at the close of October they were 16 per cent below last year. Stocks of foreign cotton have been below the previous year since December 1930, but have been declining rapidly since then and on October 31 this year were 42 per cent below last October and the lowest for the month of October since 1926. Mill stocks of Egyptian cotton at the end of October were 55 per cent below last year and were the lowest for any month since December 1925.

Stocks in public storage and at compresses in the United States

Stocks of raw cotton in public storage and at compresses in the United States at the end of the month have been larger each month since July, 1929 than at the corresponding time the previous season. At the end of October this year stocks at these places were almost 2,000,000 bales or 26 per cent larger than a year earlier. Stocks of American were slightly over 2,000,000 bales or 27 per cent larger while stocks of foreign were 60 per cent less. Stocks of Egyptian cotton were also about 60 per cent below a year ago.

Continental European spinner's takings

To the end of October continental spinner's takings of American cotton for the season from August 1 totaled 707,000 bales compared with 882,000 bales to the same date last season, a decrease of 20 per cent and was the lowest for recent years. However, a substantial increase in buying activity was reported for October.

World visible supply

On November 6 the world visible supply of American cotton which amounted to 7,620,000 running bales was 10 per cent larger than a year earlier, according to reports of the Commercial and Financial Chronicle. During the past four weeks the visible supply increased 1,771,000 bales compared with an increase of 1,523,000 bales last year.

The visible supply of foreign cotton on November 6 totaled 1,785,000 bales compared with 1,849,000 bales last year or a decrease of about 3 per cent. Since October 9 there has been a decrease of 14,000 bales, whereas last year during this period there was a 57,000 bale increase.

Exports of cotton from India and Egypt

From August 1 to November 5 total exports of Indian cotton amounted to 477,000 running bales compared with 820,000 bales last season and 593,000 bales two seasons ago or a decrease of 42 and 20 per cent respectively, according to reports from the Commercial and Financial Chronicle. During the four weeks ended November 5, 116,000 bales were exported which was 53 per cent below the same period in 1930 and 22 per cent below the similar period in 1929.

Exports from Alexandria for the season to November 4 totaled 226,000 running bales, an increase of 32 per cent over the 171,000 bales exported to November 4 last season and was practically the same as exported during this period in 1929, according to reports of the Chronicle. From October 7 to November 4, four weeks, exports from Alexandria amounted to 92,000 bales and were 3,000 bales below the corresponding period last year. Exports to Great Britain, the Continent and India, and to America (the three groups reported by the Chronicle) all showed increases so far this season over the first three months of last season.

Textile Situation

United States

In the domestic cotton textile situation an encouraging development has taken place in the sales of cotton cloth as reported to The Association of Cotton Textile Merchants of New York during October. The 333.7 million yards sold in October, averaged 83.4 million yards per week, the highest weekly rate since September 1929 and sales were 46.9 per cent above production which itself was the largest since April 1930. Shipments of cotton cloth however, while almost as great as during the past few months, were below both production and sales, resulting in a slight increase in stocks and a 51.7 per cent increase in unfilled orders. The increase in orders

during October in actual yardage, as well as in percentage was the largest recorded in any single month since comparable statistics have been gathered. This indicates that buyers generally felt that the low prices on cloth warranted forward commitments.

Domestic cotton textile mill activity as measured by consumption of raw cotton continued during October at a rate above last year, but showed less than the usual seasonal advance over September. October consumption amounted to about 462,000 running bales compared with 464,000 bales in September and 443,000 bales in October 1930, according to reports of the Bureau of the Census. Consumption in October has averaged about 50,000 bales above September during the past five years. For the three months August to October this season consumption totaled about 1,352,000 bales, which is 162,000 bales, or 14 per cent, above the corresponding period last season.

Great Britain

Since the abandonment of the gold standard cotton textile mill activity in Great Britain has made a substantial increase which is perhaps the most important recent development in foreign countries so far as the American cotton situation is concerned. In early November, mill activity was estimated at between 75 and 100 per cent of capacity compared with 55 per cent one month earlier. The depreciation of the pound sterling has enabled British manufacturers to compete successfully with textile producers of other countries. The increase in employment as well as the tendency for the public to turn from investments in currency and securities into real values are perhaps factors affecting the increased demand by consumers in Great Britain. The improvement in the British situation is being reflected in increased exports of American cotton to Great Britain. As has been pointed out above, the exports of cotton from the United States to Great Britain in October were only 14 per cent below October last year whereas in August and September they were almost 81 per cent below those two months of 1930.

The October exports of piece goods from Great Britain showed a substantial increase over September but was below a year earlier. The 143.1 million square yards exported in October compared with 128.5 million yards in September and 150.3 million yards in October 1930. The gain in October was considerably more than the usual seasonal, but exports were still at a very low level.

The increased competition offered by British goods in the markets of the world may affect mill activity in the Orient, but the net effect of such competition would be likely to be favorable to American cotton since Great Britain uses American cotton mostly.

Continental Europe 1/

Continental Europe experienced much increased activity in buying and price-fixing of raw cotton during October. Simultaneously, though to a less extent, the cotton yarn and cloth markets also exhibited signs of revival in conjunction with the sharp upward movement of raw cotton prices in October. Coming after months of virtual stagnation, these developments are encouraging, yet it is recognized that the general depression persists. The sensitiveness of the cotton trade and mill conditions to October developments shows how quickly a revival could come in this industry once a basis is laid in the form of genuine betterment in the general economic outlook.

Continental spinner and merchant buying of raw cotton in October chiefly concerned nearer positions, but forward months were also traded in fair volume. Germany and Italy were outstandingly active in the revival of buying, while Western Europe appeared somewhat backward in relation to the general level of its requirements for current production. Speculative initiative in the western European countries, however, is usually less marked than in other parts of Europe; furthermore, the cotton industry in western European countries at present, is undoubtedly influenced, psychologically, by the comparatively recent tightening of the business depression, whereas, other parts of the Continent, with a long period of depression already behind, are better prepared, psychologically, for revival. In Italy the cotton industry appears to have worked around to a position of better balance.

Sales booked by cotton spinning and weaving mills in Central Europe and Italy were generally larger in October than in September. Currency considerations, i.e., exchange restrictions and concern about the stability of numerous currencies, have been a significant element in this revival. With stocks of goods small and prices low, the trade has regarded risks involved in a moderate refillment of stocks as comparatively small, and the buying policy of cloth mills, processors, and the wholesale and retail textile trade in recent weeks appears definitely to have been influenced by these considerations. Press reports from practically all countries which have suspended the gold standard or have found it necessary for the Government to assume control of the foreign exchange market indicate some tendency on the part of the public toward a flight from currency and securities into real values. In Austria it is also reported that the currency restrictions have stimulated spinner buying interest for cotton through fear of inability to obtain exchange needed for covering current requirements. On the other hand, currency restrictions have undoubtedly made for reduced import buying of some cotton products; for example, Austrian buying of cotton fabrics from Czechoslovakia.

1/ Based on report from Agricultural Attache' L. V. Steere at Berlin, dated November 5, 1931 supplemented by cable on November 16.

Cotton mill activity on the Continent during October is not expected to show any great change as compared with September when figures are issued, but a moderate increase in operations seems likely as a result of the developments previously described. Even with improvement, however, the operating level of the continental cotton mill industry is still very low in practically all the important producing countries.

Stocks of cotton yarn and cotton goods remain small throughout Central Europe and continued to decline in Italy, but in France stocks are much above the level prevailing in previous years.

Germany

German spinners and weavers complained generally during September about a lack of seasonal improvement in sales of yarn and goods, but a certain improvement in both spinner and weaver business occurred during the month of October as a result of larger coverings of the wholesale and retail trade. This is attributed to rising raw cotton markets and uneasiness about the monetary situation within the country.

Cotton mill activity for both spinners and weavers showed some slight rise for September - October as a result of these conditions. In August - September loom activity was some 10 per cent higher than during the same period in the past two years. Spinning mill activity, on the other hand, was from 3 to 10 per cent below the same time last year and as much as 20 per cent lower than in 1927-1929. It should be noted that cloth mill activity since June has been above the levels of the last two years, whereas this is only partly true of spinning activity.

Foreign trade in cotton yarn and cotton fabrics in Germany was at a low point in September 1931; both yarn and cloth imports were much below any of the previous four years. Whether British currency conditions will change this situation to any significant degree cannot as yet be stated, but the industry is already complaining of British competition in the western sections of the Reich. At the same time, increasing difficulties in exporting to England and the Scandinavian countries are reported.

German net imports of raw cotton during the months of August and September 1931, as reported by the statistical office, were the lowest since 1924 and showed a declining tendency from August to September, while the usual seasonal movement is upward.

However, German spinner buying, as reported by the Bremen cotton exchange, was of considerable volume during the month of October, particularly for near and prompt positions, but also into the first calendar quarter of 1932. Price fixing and the import business of the dealers also increased considerably.

An object of continuous complaint by the industry has been the unsatisfactory spinner and weaver margins received during the past year. The present spinner's margin is slightly over 7 cents per pound of cotton yarn, against almost 10 cents last year, but less than 7 cents two years ago. The weaver's margin is 21 cents per 8.75 yards of cloth as compared with 26 cents last year and 27 cents two years ago.

Statistics on the textile retail trade for the month of September show a turnover of only 88 per cent of September last year on the basis of values, but when allowance is made for the change in prices, a turnover of 99 per cent of that in September last year is indicated.

Czechoslovakia

Reports from Czechoslovakia indicate that conditions remain very unsatisfactory. Increasing export difficulties and some textile failures continue to be reported. As a result of the unsatisfactory currency situation in Austria and Hungary, it is almost impossible to obtain export orders from these most important customers at the present moment. Czechoslovakian exports to England and the Scandinavian countries are also greatly hampered as a result of the devaluation of these currencies and exports to Italy are discouraged by the 15 per cent increase in import tariff imposed recently in that country.

Export figures for the month of August showed declining exports of both fabrics and yarn. The level was below any of the previous six months, but the September movement was larger and in the case of fabrics was larger than any month since November 1930. Exports of yarn were the largest with one exception since October 1930. Since the Czechoslovakian textile industries are so dependent upon exports the significance of the low rate of exports in recent months is evident.

Spinning mill activity has recently been nearly as high as last year, but much below any of the previous three years. The rate of activity during the period from August 9 to September 5 was about 71 per cent compared with activity of from 64 to 69 per cent since the middle of last May.

Austria

The situation of cotton textile mills in Austria is very uncertain. The purchasing of raw cotton has been made rather difficult through severe currency restrictions, but probably such essentials as raw cotton will suffer less from the restrictions imposed than goods of a less necessitous character. On the other hand, the importation of finished goods is also greatly hampered by the same measure, a fact which benefits the domestic cotton industry to the extent that it means additional protection for domestic weavers against imports, notably from Czechoslovakia.

Increasing sales of cotton yarn and cotton goods were reported in Austria during the month of October, but these can be traced partly to fear among business men that a new inflation might result from the present difficult monetary situation in the country. From this it appears that the revival in sales is based in part at least on a "flight into real values" rather than on business prospects. Notwithstanding the unfavorable recent developments in Austria, cotton mill activity is believed to have shown some further increase recently, but operating levels are still below the corresponding period of recent years. The August spinning mill activity was 6 per cent above July and was the highest since last April.

France

October reports from the French cotton textile industry continued rather pessimistic, but it appears that there was some improvement toward the end of the month, probably as a result of the stimulating influence of the rise in raw cotton markets.

Spinner and weaver business up to the 20th of October was much complained of in most sections of the country, with reports indicating that British competition was being felt, notably in the region of Lille and with respect to fine count yarn. Buying by Paris wholesale merchants at the end of the month was quite considerable and a large amount of cotton fabrics moved in this direction. However, price cutting remained severe. The district of Rouen reported somewhat better spinner business throughout the month, while Roubaix-Tourcoing was again the center of weakness in the French situation.

Reports from Havre indicated reviving interest and moderate buying activity in raw cotton by spinners around the middle of the month as a result of the bullish movement in America. Toward the end of the month, spinners and merchants as well, evinced a somewhat more conservative attitude. That the general wave of buying interest in Europe did not extend to France to the degree expected by the trade, is partly explained by the reluctance of the banks to extend such credit facilities as are likely to be needed in view of the withdrawal of British bank credit, formerly the operating basis of a number of important mills in the north of France.

Mill activity in France is down to roughly 20 to 30 per cent below last year, when it was already below the previous year. Mill stocks of yarn are 30 to 40 per cent larger than last year or previous years. Mill stocks of cloth are even twice as high as two years ago or 60 per cent higher than last year. Unfilled orders of the spinning mills are 20 per cent less than last year or 40 per cent less than two years ago. About the middle of November, however, the domestic market for cotton goods was reported as broadening, although exports continued to decline.

Italy

The Italian cotton mill situation continues on about the levels of last month and remains somewhat more encouraging than in any other country of the Continent. Cotton mill stocks have further decreased, yarn engagements have maintained the rise previously reported, cotton spinner commitments in raw cotton are below last year and two years ago, and spinning, as well as weaving mill activity, has shown an increase on, or maintenance of, levels previously reported. It appears that orders, stocks, and output are quite well balanced in the different lines of the cotton industry and trade, although recently, as a result of the increased sales and reduced stocks, production has forged somewhat ahead of new orders. The discrepancy, however, is insignificant in view of the opposite tendency prevailing for some time past. This better balance in the cotton industry of Italy places the industry in that country in a position to make real progress as soon as general conditions in the country and in foreign countries will permit, provided the reorganization of the industrial holdings of the Banca Commercial (among which are many textiles) does not interfere.

The month of October brought fair buying of grey and colored fabrics by the domestic market, but the export market was quiet and sales difficult. Italian cotton spinners exhibited a fair interest for spot and near c.i.f. cotton during October, and price fixation attained considerable volume.

Poland

Recent reports on Poland indicate difficulties in the maintenance of cartel discipline. It is stated that various firms, even adherents to the cartel, have reduced prices, regardless of the stipulations of the cartel administration. This has brought severe price-cutting on all sides and dangerous disruption of the market. As a result, the spinners cartel has decided to reduce further the working time in cotton spinning mills, and for the period November 30 to December 26 hours are to be curtailed from the present 40 per week to 32 per week. The purpose is to reduce stocks to an extent that will reduce pressure on prices. In order to force all firms to adhere to the cartel and to prevent them from taking any separate action, cartel cotton mill interests are advocating a monopoly in the importation of raw cotton for the cartel. Firms which do not adhere to the cartel would pay a certain premium on the raw material. The idea is supported by influential circles of the cotton industry and the cotton textile trade, but the Government has not yet agreed.

Toward the end of October an important textile worker strike broke out at Lodz. It involves 18,000 textile workers, who oppose a further reduction in their wages sought by the mills.

Russia

Production of the Russian cotton textile industry during the first nine months of 1931 is now reported to have amounted to 1,828.5 million

yards of finished fabrics, or 90.[illegible] per cent of the plan for that period. Output in the corresponding nine months of 1930 was 1,743.0 million yards.

According to the plan 831.1 million yards of fabrics are to be produced during the last quarter of 1931. This would mean an increase of 144 million yards over the same quarter last year and of about 25 per cent as compared with the third quarter of this year. There is ground for doubt as to whether the planned increase will actually be attained, as Russian textile plants have had serious difficulties during recent months. Shortage of qualified labor as well as the large number of new workmen constantly having to be absorbed are among the main problems. This appears to be well reflected in the efficiency figures issued by Soviet authorities. Thus, for example, productivity of textile labor was 18.7 per cent below the plan in August in the case of the spinning mills and 16.4 per cent in the case of weaving mills; the number of spindles idle because of machinery breakage amounted to 10.9 per cent of the total number of spindles at work in July and remained on the same high level in August. Similar conditions were reported for looms, the corresponding figures being 7.1 per cent for July and 8.1 per cent in August.

Difficulties in adjusting spindles to some varieties of cotton of the 1930 crop have apparently also been experienced. However, hope is expressed that a turn for the better will be experienced during the fourth quarter of the year, when better quality cotton of the new crop will be available. Labor difficulties are also expected to become less acute as the new workmen taken on by the mills during the third quarter become better acquainted with their jobs.

On the other hand, the planned increase of production is said to involve the taking on of new workmen to the extent of about 40,000, and additional weaving equipment to the extent of 12 per cent. These facts do not promise well for the success of the cotton textile plan.

Rumors have been circulated in the foreign press that the Russians will buy significant quantities of American cotton from Federal Farm Board stocks. If such plans really exist, it would not mean that an actual import deficit of raw cotton exists in Russia. It might mean that the Russians are planning or would like to buy foreign cotton of medium or lower quality on credit, and sell better quality Russian cotton instead, if possible, on a cash basis.

Russian foreign trade statistics for the first five months of 1931 indicate that very little cotton was imported into Russia during that time, total imports having amounted to the equivalent of 34,000 bales only of 478 pounds compared with 112,000 bales during the corresponding months of 1930.

Japan 1/

The trend of raw cotton was upward and of spot yarn downward between September 22 and October 22 with American spots increasing 10 per cent, Indian Oomras increasing 16 per cent which made the parity of American and Indian still more favorable for American. American spot price , however, advanced sixty points or 9 per cent from October 22 to November 21 while Indian Oomras increased 7 per cent but the parity still favored American cotton to the extent that fine Oomras were being sold at the same price as American strict Low Middling 7/8 inch staple. Due to the price parity between Indian and American, imports of Indian from September 1 to the middle of November were 70 per cent less than for the same period last year while imports of American cotton were about 60 per cent above last year. Yarn prices failed to follow raw cotton due to Manchurian trouble, the subsequent Chinese boycott, and the fall of sterling exchange, which resulted in an unfavorable yarn demand. The boycott against Japanese goods in China, one of the best markets, and the decline in the British pound which put English piece goods on a competitive basis in the Indian, South Africa, and Near East markets are the outstanding recent developments in the Japanese textile situation. As a result of these developments the Japanese spinners have agreed to curtail production an additional 5.8 per cent during the months of November and December.

The 89.8 million pounds of yarn produced in September was almost 1.2 million pounds (1 per cent) above August, about 10.5 million pounds or 13 per cent above September 1930 and was the largest production for any month since May 1930 (sixteen months previous).

In October yarn production was about maintained amounting to 89.6 million pounds, or 12 per cent above October last year.

September cloth production which was about the same as in August was 16.8 million yards or 16 per cent above September 1930 and amounted to 118.5 million yards. October production was 2.4 million yards above September despite a drop of 18.6 million square yards or 14.5 per cent in exports during the month. This indicates that the weavers are being seriously affected from increased competition from Great Britain and by the Chinese boycott.

1/ Based primarily on reports from Consul Donovan at Kobe.

Stocks of raw cotton in Japan at the end of October while below a month earlier were about 41,000 bales (30 per cent) above the same time last year, totaling 177,000 bales compared with 136,000 bales at the end of October 1930. Stocks of American were 100,000 bales compared with 74,000 bales at the end of October last year, or an increase of 26 per cent.

Despite the curtailment in output, the Japanese industry is still expanding its equipment according to reports of the Japan Cotton Spinners Association. Member companies are reported to have increased the number of spindles in place by 77,000 during the first half of 1931. In addition there are perhaps 300,000 spindles now in the process of installation. No doubt the reduction of night work for women necessitates an increase in the number of spindles.

China 1/

American cotton continued in strong demand in China about the middle of November, stocks of raw cotton were not considered heavy, large quantities of American cotton were booked, and forward sales were still being made. A fair amount of Inidan cotton was being purchased but a greater amount of Indian was expected to be bought in December. The Chinese cotton is coming to market very slowly this fall and it is expected that the amount of Chinese cotton available for the mills in Shanghai will be 50 per cent less than last year, and prices of native cotton are high in comparison with foreign cotton of equal quality.

The boycott on Japanese goods has resulted in increased activities in the Chinese cotton mills and they are now very busy. The Japanese mills in China in early November were still continuing full operations but were debating whether to operate part time or to close down. If the boycott continues it is believed that they must close down by the end of December. At least a part of the effect of this boycott would probably be offset by increased operations in the Chinese mills.

The stocks of yarn in the hands of the Chinese spinners are low while the Japanese stocks are accumulating. Some low count yarns of the Japanese mills have been sold to Manchuria. Yarn prices in Shanghai, have recently declined due in part to the large amount of Japanese yarn being stored there. The export business from China to southern Asia has been hard hit due to the cheaper British goods.

1/ Based largely on cable from Agricultural Commissioner Owen L. Dawson, at Shanghai, dated November 13.

Production, Acreage, Crop Condition Reports

On the basis of available information it now appears that production in the major foreign producing countries in 1931-32 will probably be at least 500,000 bales less than in 1930-31. In the United States, however, the 1931 crop is expected to be about 2,971,000 bales above last year.

United States

The condition of the domestic crop on November 1 indicated that production this year will amount to about 16,903,000 bales of 478 pounds net or 500 pounds gross. This is an increase of 619,000 bales or 3.8 per cent over the October 1 forecast or 2,971,000 bales greater than the crop of 1930 and is the second largest crop ever produced in the United States. The 1926 crop, which alone exceeded the present one, was 17,977,000 bales. The month of October was exceptionally favorable for the harvesting of cotton. With the exception of few localities, weather conditions were practically ideal for the picking, the temperatures having been above average and rainfall light. The November forecast was larger than that of a month earlier, in every State except Arizona. In every State, except Florida, Arizona, and California, the indicated yield for 1931 is substantially above that of 1930. As compared with last year the yield per acre in Arkansas has shown the greatest increase, being forecast at 246 pounds per acre compared with 107 pounds in 1930, or an increase of 139 pounds per acre over last year and 77 pounds or 46 per cent above the 10-year average yield.

Total ginnings for the season prior to November 14, amounted to 14,210,000 running bales compared with 11,963,000 bales in 1930 and were more than 1,000,000 bales larger than any previous year. In addition to the large ginnings in terms of running bales, it is also significant that the average weight of bales this season is heavier than in any previous year of record.

Of the cotton ginned up to October 1 this year only 3.2 per cent was under 7/8 inch in staple whereas last year 14.0 per cent was of this short staple. Of the early ginning which were 1 inch and longer in staple there was a 5 per cent larger proportion this year compared with last. A larger proportion of the ginnings to October 1 this year were middling and better in grade than in 1930, a year which was itself very good in grade. This high quality crop is largely a result of the very favorable growing conditions which existed throughout the South.

China

The net result of charges in the condition of the Chinese cotton crop up to November 1 continues to point to a production about 20 per cent below 1930, due largely to excessive rainfall and floods in the Yangtze Valley, according to late reports from Agricultural Commissioner Dawson at Shanghai. Estimates for the Shanghai and Nantungchow cotton areas place the crop 40 per cent below last year and the cotton from these regions

is very slow in coming to market. The Ningpo crop which is reported the same as last year has been coming to market quite freely. The Hankow crop is expected to be about 40 per cent below that of 1930. While the crop in Central China suffered from too much rain, in North China it is reported 15 per cent above last year due to a sufficient amount of rainfall. Estimates received place the Shensi and Shansi crop 30 per cent above last year.

India

Acreage planted to October 1, 1931 was 4.2 per cent below acreage planted to that date last year. While crop conditions generally seem about the same as last year, ginning reports from Punjab indicate lower yields for that province. During the past five years plantings to October 1 have averaged 83.9 per cent of the total acreage and have ranged between 80.2 and 88.9 per cent.

Egypt

In Egypt the 1931-32 acreage was reduced 19.2 per cent and the preliminary estimate of the Egyptian Government places production at 20 per cent below last year. The production estimate of about 1,329,000 bales of 478 pounds compares with 1,661,000 bales last season and 1,768,000 bales in 1929-30. The estimate for this season is the lowest since 1927-28. Ginnings to November 1 totaled 385,000 bales of 478 pounds compared with 477,000 bales last year or a decrease of 16 per cent. Sakellaridis was 37 per cent below last year.

Brazil

The members of the Brazilian cotton trade have made a rough estimate of the 1931-32 cotton crop in Brazil and placed the production at 600,000 bales or an increase of about 22 per cent over the small crop of 1930-31 which was reduced by the drought. Should the crop in Brazil turn out to be this large it will be slightly larger than the 1929-30 crop.

Chosen

A preliminary estimate of the 1931-32 crop in Chosen indicates a production of 136,000 bales which compares with 154,000 bales in 1930-31. This is a decrease of 11.7 per cent whereas the acreage was estimated to have been only 0.4 per cent below last season. Weather conditions are said to have reduced the yields.

Anglo-Egyptian Sudan

The 1931 acreage in the Gezira province of the Sudan which in the past five years has averaged 52.7 per cent of the total has been placed at 182,000 acres, a decrease of 21,000 acres or 10.7 per cent from 1930, according to a cable just received from Cotton Specialist F. K. Morris at Cairo. The total acreage in the Sudan in 1930-31 was 387,000 and the total production was 106,000 bales of 478 pounds. This was the lowest production since 1925-26 although the acreage was the highest on record. The low yield in 1930-31 was due mostly to the severe damage of a disease known as leaf curl. The present crop is reported to be progressing satisfactorily. The improvement reported is said to be due to a change in crop rotation which is the best method so far devised for competing with the leaf curl. Estates along the Nile report a good crop and in general the crop conditions for the Sudan are much more favorable than last year.

Russia

Latest information corroborates reports that the Russian crop of 1930 was between 1,500,000 bales and 1,600,000 bales and suggest that the 1931 crop is probably about 2,000,000 bales. It will be recalled that last fall estimates of the 1930 crop ranged from 1,700,000 bales early in the season to 2,050,000 bales later in the season. On the basis of these estimates and other information this Bureau adopted the provisional figure of 1,850,000 bales as probably more nearly correct than the larger estimates. In September this year the International Institute of Agriculture at Rome cabled that it had a revised estimate of 1,596,000 bales for the 1930 Russian cotton crop. This estimate seemed unduly low, and to contradict procurement figures. However, other information obtained recently is in conformity with an estimate that low. Moreover, the Department of Commerce states that their representative at Rome reports the Institute now has a figure of 1,550,000 bales for the 1930 crop. In addition to this, "Socialist Agriculture" for November 7, 1931, a Russian publication, contains a statement by I. Reingold, Chairman of the main cotton committee for the U.S.S.R. that the 1930 production of lint cotton amounted to 3.3 million quintals, the equivalent of 1,522,000 bales of 478 pounds net. This eliminates the question of the actual downward revision of Russian production estimates for 1930. The Bureau is therefore accepting the figure of 1,550,000 bales for the Russian crop of 1930.

A basis for independent judgment on Russian figures is desirable for past years and is indispensable for dealing with present and prospective production. Three lines of approach are available: procurement figures, consumption and supply data, and a comparison of acreage, yield, and production information.

Cotton procurings figures are published at irregular intervals and it is not certain just how they are compiled, but offhand it would seem that they should be fairly accurate statements as to the amounts procured over a given period. Procurings to February 20, 1930, from the 1929 cotton crop totaled 792,000 metric tons of seed cotton. This was equivalent to 1,132,000 bales of 478 pounds net if converted on the basis of 31 pounds of lint for each 100 pounds of seed cotton, or to 1,205,000 bales if converted on the basis of 33 per cent lint to seed cotton. (The International Institute of Agriculture uses the latter conversion factor.) Production in 1929 was estimated at 1,310,000 bales of 478 pounds, 105,000 bales or 9 per cent larger than procurings to February 20. This gave a reasonable allowance for procurings after February 20 and for home use. Procurings from the 1930 crop amounted to 1,050,000 metric tons of seed cotton to January 21, 1931, equivalent to 1,501,000 bales at 31 per cent lint or to 1,598,000 bales at 33 per cent lint. By February 20, 1931, procurings amounted to 1,072,000 metric tons, equivalent to 1,533,000 bales at 31 per cent lint or 1,632,000 bales at 33 per cent lint to seed cotton. Raising this last figure by 9 per cent to approach the total crop as was necessary in 1929-30 gives a figure of 1,780,000 bales for 1930-31. The small amount procured from January 21 to February 20 suggests, however, that procurings from the 1930 crop after February 20, 1931 may have been negligible. But a crop of only 1,550,000 bales would leave nothing for home use, nothing for subsequent procurement, and would indicate that the lower conversion factor is necessary, unless the procurement figures were too large.

It is very difficult to balance supplies against distribution in Russia. The only stocks figures available are those reported by the International Federation of Cotton Spinners for cotton held at mills. Furthermore, import and export statistics are inadequate. Finally, the completeness of reported consumption figures is not known, and they do not check with supply or disappearance figures. However, they check almost exactly with the production of finished cotton cloth and can therefore be taken as reasonably accurate statements of the consumption of cotton in mills for cloth production. Production of finished cotton cloth amounted to 3,027,300,000 yards in 1928-29, 2,930,900,000 in 1929-30, and 2,328,200,000 yards in 1930-31. Total cotton consumption as reported by the International Federation of Cotton Spinners when converted to approximate 478 pound bales amounted to 1,703,000 bales in 1928-29, and 1,646,000 bales in 1929-30. According to the Federation's figures consumption in 1930-31 was equivalent to 1,380,000 bales of 478 pounds, but having no report for the first half of 1930-31 the Federation used figures for the second half of the 1929-30 season. These were apparently too high as cloth production indicated that consumption would have been about 1,325,000 bales, or 321,000 less than in 1929-30. Import and export statistics from Russia are not yet available for 1930-31. However, exports for the calendar year 1930 amounted to 47,000 bales compared with 11,000 in 1929 and imports of Russian cotton into Great Britain amounted to 118,000 bales in the first half of 1931. It is probably safe to assume therefore, that exports in 1930-31 were around 150,000 bales larger than in 1929-30. Exports

from the United States to Russia were about 100,000 bales less in 1930-31 than in 1929-30, and total imports into Russia in the first three months of 1931 were 30,000 bales compared with 65,000 bales in the comparable months of 1930 and 313,000 bales in the year ended September 20,1930. The reduction in imports therefore, may have been as great as 150,000 bales. On the other hand, stocks of cotton held by Russian mills were estimated by the International Federation of Cotton Spinners to be larger on August 1, 1931 than a year earlier by an amount equivalent to about 40,000 bales of 478 pounds net. The increase in sundries cotton was considerably more than this but there were decreases in stocks of American and Egyptian cottons. As a shortage of cotton in the summer of 1930 appeared to be the principal factor causing a drastic reduction in cloth production at that time, total stocks no doubt increased more than mill stocks did but no data are available on total stocks. To balance available figures on supply and distribution would require a crop in 1930 only 20,000 bales larger than that of 1929, which was 1,310,000 bales. As shown in the table below such balances never hold closely, and for that reason do not furnish a satisfactory method of estimating the Russian crop. As a check on other estimates the balance is valuable, however, as it shows that so far as can be determined at present, other elements of supply and distribution point to a smaller crop in 1930 than had been anticipated.

An analysis of acreage, yield, and production figures is valuable not only as a check on 1930 production, but, what is more important, to obtain a basis for estimating the 1931 crop. For the period 1909-1913 the area planted to cotton averaged 1,569,000 acres and the yield averaged 275.7 pounds per acre. In the period of decline following the revolution acreage and yield per acre both fell, the yield reaching the low point of 69.7 pounds per acre in 1921 and area the low point of 174,000 acres in 1922. Subsequently both yields and acreages were increased, but as the acreage has continued to increase it has been necessary for it to expand to unirrigated lands not formerly devoted to cotton. It is to be expected that yields in these areas will be lower than in the old established cotton-growing regions where lands are mostly irrigated. Examining yields with this in mind it is observed that the high point of yields came in 1927 at 281.5 pounds per acre. In that year 1,851,000 acres were planted to cotton. In 1928 the area amounted to 2,288,000 acres, an increase of 437,000 over 1927 and the yield fell to 261.1 pounds per acre. In 1929 the acreage was further increased and the yield fell still more, and on the basis of 1,550,000 bales produced in 1930, the yield fell to 191.4 pounds per acre when the area was increased to 3,870,000 acres. Although wide variations in yields are common in cotton production, the downward trend since 1928 is in keeping with other information pointing to lower yields on the increased acreages. This is brought out more clearly if the increase in production (in pounds) for each year since 1928 is divided by the increase in acreage for the same year. From these calculations it appears that the pre-war (1909-1913) average yield of 276 pounds per acre has been maintained on around 2,100,000 acres but that on lands in excess of that amount the yield has been around 100 pounds per acre. It so happens that the maximum pre-revolution cotton area was practically 2,100,000 acres, but some of the reported yields in that period were as high as 354 pounds per acre. Also the acreage was tend-

ing to increase. It should not be assumed therefore, that variations in yields or further increases in high yielding areas can not occur. Downward revisions in the acreage figures would of course automatically increase the calculated yields per acre.

While not overlooking these objections to the method it is significant that by taking the yield at 276 pounds per acre on 2,100,000 acres and at 100 pounds per acre on additional amounts a figure of 1,680,000 bales for production in 1930 is reached. This method applied to the 5,824,000 acres reported for 1931 gives the figure of 1,990,000 bales for the 1931 crop. If one were to attempt a further refinement on the basis of the recent trend in yields, the figure for 1931 might fall to around 1,900,000 bales which would still allow for an increase in the total crop for this year well above the increases that have been made in other recent years.

On the other hand, it should be remembered that the 1931 crop is forecast according to the International Institute of Agriculture at 80 per cent over the 1930 crop, which on the basis of 1,550,000 bales for 1930 would be 2,790,000 bales, and our Agricultural Attache at Berlin reports the Russian procuring "plan" (which is presumably based on crop expectations) to be 70 per cent over last year. Moreover, procurings for the season to October 25 were 74 per cent above those for the same period last year. An increase of 70 per cent over 1930 would give a crop of 2,640,000 bales. In view of these indications of a large increase it is probably advisable to lean toward the upper range of our indications for the 1931 crop. This gives the provisional figure of 2,000,000 bales, which seems ample in view of this analysis, but is materially lower than the estimates cabled by the Institute, or "planning" and procurement figures. Also, it is below the 2,200,000 bale estimate recently published by this Bureau.

Table 2. - Russia: Cotton acreage; yield per acre and production

Year	Quantity	Yield per acre	Production	Calculated yield on acreage added each year	Calculated yields and land in excess of 2,100,000 acres assuming that acreage to produce average yield of 276 pounds per acre
	Acres	Pounds	Bales of 478 pounds	Pounds	Pounds per acre
1909-13	1,569,000	275.7	905,000		
1921-22	296,000	69.7	43,000		
1922-23	174,000	152.0	55,000		
1923-24	527,000	178.1	196,000		
1924-25	1,244,000	174.1	453,000		
1925-26	1,464,000	255.1	782,000		
1926-27	1,631,000	243.3	830,000		
1927-28	1,851,000	281.5	1,090,000		
1928-29	2,288,000	261.1	1,250,000	175.0	102
1929-30	2,550,000	241.3	1,310,000	109.5	106
1930-31	3,870,000	191.4	1,550,000	86.9	92
1931-32	5,824,000				

Compiled by the Division of Statistical and Historical Research from reports of the International Institute of Agriculture.

Table 3. Russia: Cloth production, cotton consumption, production, mill stocks, imports and exports

Year	Finished cotton cloth production Aug. - July	Consumption reported by Cotton Federation adjusted	Production	Mill stocks Aug. 1 all cotton adjusted	Imports Oct. 1 to Sept. 30	Exports 3 months Jan.-Mar.
	Million yds.	478 pound bales	478 pound bales	478 pound bales	478 pound bales	478 pound bales
1923-24	827.3	511,000	200,000	65,000	463,000	
1924-25	1,505.6	897,000	450,000	140,000	494,000	
1925-26	2,116.4	1/ 1,374,000	780,000	282,000	476,000	
1926-27	2,526.4	1,406,000	830,000	223,000	749,000	
1927-28	2,735.3	1,534,000	1,090,000	308,000	669,000	
1928-29	3,027.3	1,703,000	1,250,000	240,000	567,000	
1929-30	2,960.9	1,646,000	1,310,000	201,000	313,000	13,000
1930-31	2,328.2	1/1,380,000	1,550,000	129,000		56,000
1931-32				169,000		

1/ Cloth production indicates cotton consumption according to this series should be 1,200,000 bales in 1925-26 and 1,325,000 bales in 1930-31.

Table 4.- Russian cotton imports

Year	All cotton 1/ Oct. 1 - Sept. 31	U. S. exports to Russia 2/ Aug. 1 - July 31	Excess of total imports over exports from U. S. 3/
	478 pounds net	478 pounds net	478 pounds net
1923-24	462,500	184,700	277,800
1924-25	493,900	253,100	240,800
1925-26	475,700	233,200	242,500
1926-27	749,400	501,100	248,300
1927-28	669,400	424,300	245,100
1928-29	567,400	317,700	249,700
1929-30	312,500	128,700	183,800
1930-31		29,000	

1/ Statistical Abstract U.S.S.R. 1928, p. 722; Economic Review of the Soviet Union, February 1, 1931.
2/ Compiled from Official Records of the Bureau of Foreign and Domestic Commerce, except 1930-31.
3/ A part of this is American cotton obtained other countries, as Great Britain.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-75 December 31, 1931.

WORLD COTTON PROSPECTS

Summary

During the five weeks ended the last few days in December, cotton price fluctuations were rather small compared with the fluctuations of some of the previous months, according to the Bureau of Agricultural Economics. During this period the average price of Middling 7/8 inch staple in the 10 spot markets ranged between 5.6 and 6.0 cents. At Liverpool and other important foreign markets the prices of American cotton continued to become cheaper relative to most of the important foreign growths. During the first three weeks of December the average price of American Middling and Low Middling at Liverpool was cheaper relative to three important types of Indian cotton than at any time in the 1926-27 season, the year in which foreign mills made marked shifts to American cotton.

Although the exports of American cotton to the Orient during the first four months this season were probably the largest on record for this period, the total movement to all foreign countries was the smallest since the 1923-24 season, a season in which the domestic crop plus the carry-over in the United States was about 47 per cent smaller than this season. Exports of cotton from India for the season to December 17 were 44.5 per cent below last season, while during this period exports from Egypt showed an increase over the 1930-31 season of about 20 per cent.

During November domestic mills consumed 7.2 per cent less cotton than during October, but about 3 per cent more than in November 1930, and for the first four months of the season mill consumption was almost 11 per cent above the 1930-31 season. Domestic sales of cotton cloth during

November 1931, while less than in October, were above November 1930 and were the highest for the month of November since 1928. Stocks of cloth at the end of November 1931 were about 23 per cent below, and unfilled orders were 6 per cent above a year earlier. In Great Britain the marked improvement which followed the discarding of the gold standard did not continue throughout November and early December, and, since Japan has recently gone off the gold standard, Great Britain is expected to meet increased competition from the Japanese goods in many foreign markets although the Chinese boycott of Japanese goods continues to make China a more favorable market for Great Britain.

The textile situation on the Continent of Europe during November failed to maintain the improvement which accompanied the October advance in cotton prices and on December 1 conditions were reported as being about the same as prior to October. In France the accumulation of textile stocks has ceased and in Italy stocks continue to decrease while unfilled orders have shown a gradual increase for some time. On the whole the textile situation in Italy is better than in any of the other Continental European countries. Japan is feeling the effects of the Chinese boycott as are the Japanese mills in China, but this has resulted in increased activity in the Chinese mills.

From information now available it looks as if the production of cotton in the principal foreign producing countries in 1931-32 will be about 1 million bales less than in 1930-31. India, China, and Egypt may produce about 1,600,000 bales less than in 1930-31, but an increase of almost 600,000 bales seems likely in Russia, Brazil, and Mexico combined. The decrease in foreign production is more than offset by an increase of almost 3 million bales in the domestic production.

Prices

Spots

From the middle of November to the fourth week in December cotton prices in the domestic markets fluctuated within a rather narrow range. During this period the average price of Middling 7/8 inch staple in the 10 markets has ranged between 5.6 and 6.0 cents per pound. On December 22 the average in these markets was 5.83 cents, which compares with 5.65 cents on November 23 and 8.91 cents on December 22, 1930. The November 15 average United States farm price of cotton was 6.1 cents per pound which was very close to the average price in the 10 spot markets during the three or four days around the middle of the month when the farm price schedules are made out. The relatively high level of the farm price compared with prices in the central markets is no doubt due to the high quality of the crop this season, the farm prices being the average for all qualities of cotton, whereas the central markets prices are based on a constant quality (Middling 7/8 inch staple).

The increase in the relative supply of American cotton this season as compared with the supply of foreign cotton, particularly Indian has resulted in the prices of American cotton becoming cheaper and cheaper relative to most foreign growths. In China, American cotton has recently been quoted at lower prices than the Chinese cotton. At Liverpool, the prices of American compared with Indian continues to become cheaper. During the first three weeks in December the prices of three important types of Indian cotton averaged 91.2 per cent of the average of American Middling and Low Middling compared with 90.3 per cent in November, 86.4 per cent in October, 72.3 per cent in December 1930 and 90.5 per cent in December 1926, the year in which foreign spinners made a decided shift to American cotton.

Stocks and Movement

Exports of American cotton

Due largely to the continued increase in exports of domestic cotton to the Orient, the total exports during November were about 18 per cent above November, 1930, but the total for the season to the end of November was still about 10 per cent below the first four months of last season, according to reports of the Bureau of the Census. The export movement so far this season has been the smallest since the 1923-24 season when the crop plus the carry-over in the United States was about 47 per cent smaller than this season. November exports totaled 1,071,000 running bales compared with 908,000 bales in November last year giving a total for the four months this season of 2,854,000 bales against 3,181,000 bales last season. There were 246,000 bales exported to Japan during November this year which was 144,000 bales or 140 per cent above the same month last year. Total exports to Japan from August 1 to November 30 this season amounted to 678,000 bales compared with 365,000 bales during the corresponding period last season, or an increase of 86 per cent. The exports to Japan the first four months this season were probably the largest on record for those months. Exports to Great Britain in November were about 5 per cent above November, 1930, but for the season to the end of November were about 28 per cent below the August to November period last season.

Imports of foreign cotton into the United States

Imports of November continued to run ahead of the corresponding period last season, the total for the month being 5,986 bales compared with 3,410 bales in November 1930, according to reports of the Bureau of the Census. During the four months August through November 21,334 bales were imported, an increase of 6,832 bales or 47 per cent over the first four months of the 1930-31 season. Imports from Egypt and Mexico showed the greatest pick-up while imports from China and India were below last season.

Stocks at domestic consuming establishments

Although stocks of raw cotton at domestic consuming establishments showed a seasonal increase from the end of October to the end of November, they were 123,000 running bales or 7.9 per cent below a year earlier and were the lowest for the end of November since 1924. The total stocks of all kinds of cotton at the end of November amounted to 1,441,000 running bales compared with 1,116,000 bales at the end of October and 1,564,000 bales on November 30, 1930.

Mill stocks of Egyptian cotton again decreased during November which is the 17th consecutive month in which there has been a decrease, the decrease beginning in July 1930 the first month after the tariff on cotton 1-1/8 inch and longer in staple went into effect. This puts the stocks of Egyptian lower than at any time since the end of December, 1925.

Stocks in public storage and at compresses in United States

Stocks of all cotton on November 30 this year in public storage and at compresses in the United States were more than 1 million bales larger than the end of October and more than 2 million bales larger than a year earlier. Stocks of Egyptian cotton in public storage have shown almost a steady decline since the tariff went into effect in June 1930, and at the end of November this year amounted to only 15,000 bales. This was a decrease of 18,000 bales or 54.5 per cent from the November 30,1930 stocks.

World visible supply of foreign cotton

While the visible supply of American cotton is much larger than last year the total visible supply of foreign cotton on December 18 was 143,000 running bales or 7.2 per cent less than during the corresponding period a year earlier and 9.2 per cent smaller than in the same period in 1929, according to reports of the Commercial and Financial Chronicle. During the four weeks ended December 18, 1931 there was a decrease of 19,000 bales, whereas, during the corresponding four weeks of 1930 there was an increase of 194,000 bales in visible supply of foreign cotton. In 1929 there was an even larger increase during the corresponding period.

Stocks of foreign cotton in Liverpool and Alexandria on December 18 were above those on December 18, 1930. Stocks in Bombay, on the Continent and those afloat were less than at the same date in 1930.

Exports of cotton from India

For the four weeks ended December 17,1931 total exports from India amounted to 94,000 running bales compared with 191,000 bales during the corresponding period in 1930 and 185,000 bales in 1929, according to the Commercial and Financial Chronicle. For the season August 1 to December 17 total exports were 627,000 bales, 502,000 bales or 44.5 per cent below the corresponding period in the 1930-31 season and 27.4 per cent below 1929-30. The Continent, Great Britain, Japan, and China all have taken less Indian cotton this season than last.

Exports from Egypt

From August 1 to December 16 exports from Alexandria totaled 395,000 running bales compared with 328,000 bales during the similar period in 1930 or an increase of 20.4 per cent, according to statistics given in the Commercial and Financial Chronicle. All important users of Egyptian cotton have taken more of the Egyptian cotton so far this season than during the similar period last season. For the four weeks ended December 16 total exports from Egypt amounted to 120,000 bales compared with 109,000 bales during this four weeks period in 1930.

Textile Situation

United States

While the consumption of all kinds of cotton in the United States during November, which amounted to 429,000 running bales, was 33,000 bales or 7.2 per cent below October, it was about 14,000 bales or 3 per cent above November a year ago, according to reports of the Bureau of the Census. The decrease from October to November this year was slightly more than during the past five years, the average decrease in this period being only 3.6 per cent (21,000 bales). The total consumption of raw cotton during the first four months this season amounted to 1,780,000 bales compared with 1,605,000 bales during the same period last season, or an increase of 10.9 per cent, but was 22.2 per cent below the 1929-30 season.

During November the average weekly sales of cotton cloth as reported by the Association of Cotton Textile Merchants of New York showed a marked decrease from the unusually high levels of October, but were 2.3 per cent above November 1930, and were the highest for the month of November since 1928. Sales averaged 56.1 million yards per week in November and were equal to 96.9 per cent of the production rate. The weekly rate of cloth production in November was slightly above October and was 12.0 per cent above November 1930, but was less than production in November 1929. Shipments during November equaled 92.4 per cent of production. The net change in the statistical position of this phase of the domestic cloth industry during November was a 6.9 per cent increase in stocks and a 3.0 per cent increase in unfilled orders. As compared with the same time last year stocks of cloth at the end of November this year were 23.4 per cent below and unfilled orders were 6.5 per cent above.

Great Britain

The increased exports of cotton piece goods from Great Britain which took place following the abandonment of the gold standard were reflected in the October report which showed a total of 143.1 million yards, 14.6 million yards or 11.4 per cent above September. The increased export movement did not continue through November, however, although during the past ten years exports in November have averaged slightly above October. This year November exports were 17.1 million yards or 12 per cent below October.

Sales of piece goods and yarns during November and the first half of December did not maintain the high levels reached soon after the discarding of the gold standard and that extended throughout most of October. There was a considerable amount of cloth inquiry from India about the middle of December, but sales were limited. Buying for China at that time was fairly large and the demand for home trade was reported as encouraging. Since Japan has gone off the gold standard she is now in a better position to compete with British manufacturers in foreign markets. The Chinese boycott of Japanese goods, however, continues to make the Chinese market more favorable to Great Britain.

Continental Europe during November a/

November developments have borne out earlier indications that a real recovery has not yet become evident in the continental cotton mill situation, despite some pick-up in October. The downturn in raw cotton prices during November and other unfavorable developments stopped most of the increase in buying interest by manufacturers and distributors, and by December 1, conditions were about the same as they were prior to October.

Nevertheless, it is obvious from the developments accompanying the movement in the cotton market in the past two months that conditions are now extremely sensitive to price movements and to general economic developments. Once a basis for recovery is definitely created, it appears certain that the Continental European demand for cotton will contribute strongly toward the general upward movement in cotton consumption.

Although continental spinner and merchant commitments were of fair volume for raw cotton in prompt and near positions in early November, buying for the month as a whole was relatively limited. Buying dropped off distinctly in the second half of the month under the influence of the declining raw market and the general pessimism about approaching reparation and debt negotiations which developed following the speech of Premier Laval. While buying of actual cotton by spinners and merchants was, therefore, rather small in November, spinners took advantage of low points in futures quotations and price fixing was relatively important on all set-backs.

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a/ Based largely on report dated December 5, 1931 from Agricultural Attache L. V. Steere at Berlin supplemented by cable on December 15.

German cotton mill activity is reported to have shown very little change in November as compared with the previous month, but it appears that the level of operations in October-November for both spinning and weaving establishments has averaged above that maintained in September.

Spinner buying of raw cotton in Bremen has been relatively quiet through November with somewhat more active interest for near and prompt positions evident during the first part of the month. Price fixing, however, has assumed fair proportions on every setback, as spinners seem to be inclined to take advantage of the new decline in prices. Low grade cotton and short staples have been in relatively good demand during the month, but merchant c. i. f. buying of raw cotton has been limited.

German cotton industry is confronted with several difficult problems. Various labor difficulties have developed with partial strikes occurring in different textile centers. Several wage agreements have been terminated and negotiations are now being carried on in regard to possible wage reductions. The general effort to reduce wages in all industries evident in Central Europe and elsewhere on the Continent is, of course, important from the standpoint of the cotton industry since the consumption of cotton goods is materially influenced by increases or decreases in purchasing power.

Czechoslovakia

Information on November developments in the cotton textile situation in Czechoslovakia is very limited, but such statements as have appeared indicate that conditions have become somewhat worse in Bohemia. The upturn in mill sales and activity during October was apparently not maintained during November. Exports, moreover, are stated to have been considerably hampered by the foreign exchange restrictions existing in Austria and Hungary, and by the growing difficulty of competing on practically all markets as a result of British and Scandinavian currency depreciation.

Net imports of raw cotton into Czechoslovakia are indicated by recent trade statistics to have been much smaller so far this season than in any recent year.

Austria

Austrian cotton textile conditions continue extremely unsatisfactory and uncertain. The procurement of raw cotton still seems rather difficult because of the severe currency restrictions. On the other hand, sales of cotton goods, like sales of other commodities, continue to be stimulated by the fear that another considerable depreciation of the Austrian currency might develop and cause the now rather low prices to rise.

France

November reports from the French cotton textile centers indicate that business in both yarns and goods has remained restricted, but at the same time, that no further accumulation of stocks has occurred. British competition in fine counts of yarn and fine weavings is strongly complained of both in the French and in the foreign markets. It appears that new sales of spinners

New orders booked by continental cotton spinners and weavers during November were of generally smaller volume than in October, especially during the second part of the month. The optimism exhibited while cotton prices were rising gave way to hesitation, and a rather general tendency toward short-term commitments on a hand to mouth basis is again evident. Cotton mill activity over the continent as a whole does not appear to have changed materially from the previous month, though it is probable that the level of operations for October-November has been somewhat above September over the Continent as a whole. The cotton textile stocks situation continues relatively favorable. Central Europe has very low stocks at practically all points in distributing channels, and stocks in Italy continue the decline evident for several months. The accumulation of stocks in France appears to have ceased, though the volume of both yarn and goods on hand still appears important. Latest reports on production and sales in France, however, suggest a more balanced tendency.

November developments further strengthened the impression that conditions in the Italian cotton textile industry are more favorable than is the case in other important cotton textile producing countries on the Continent. This is indicated not only by the development of orders, stocks and activity, but also by figures on imports of raw cotton, of which Italy has been the only country on the Continent to have taken more cotton so far this year than was taken last year.

Germany

German spinner and weaver reports for the month of October indicated a marked revival of new orders, but November reports indicate that this revival has not continued and that slowness was again the dominant note in German yarn and cloth business during November. The October upturn was partially seasonal, but undoubtedly due largely to rising cotton prices and to the more optimistic feeling accompanying the rise. Following the substantial downturn which developed again in November and a rebirth of pessimism in the trade and among speculators, German buying interest in textiles has again weakened.

During the first half of November both spinning and weaving mills were still doing a better volume of business than in August and September, but quietness has been much in evidence again during the second half of the month, although some interest has been exhibited for winter goods, stocks of which are reported very low. Textile export business is reported to have been materially checked by active British competition since the fall of the pound, as an indirect result of which sales conditions in the Scandinavian countries have also become more difficult, their currencies having followed the pound. At the same time, fine cotton yarn and fine cotton fabrics are also reported to be encountering keen British competition within the German customs boundaries, a development likewise due to the depreciation in the pound. German cotton manufacturers, particularly makers of specialties, also report the serious hampering of business with England as a result of the new import tariffs recently introduced.

and weavers declined somewhat during the second part of the month, so that end of November reports appeared somewhat more pessimistic than was justified by conditions during the first part of the month.

Spinner buying of raw cotton in November was limited, with interest centering around near positions only. French imports show a heavy reduction in new season imports of raw cotton as compared with previous years, as is the case in all important European countries except Italy.

Italy

No significant changes were reported from the Italian cotton industry for the month of November; developments more or less confirmed previous indications. The textile situation still looks more hopeful than in any of the other European countries. New statistics for the month of October show a gradual increase in mill activity for both spinners and weavers, a gradual increase of unfilled orders on hand in spinning mills, and a gradual decrease of yarn stocks with cotton spinners. New sales were again somewhat larger than current production, and although the tendencies in this direction have not been pronounced recently, the balance was one that would result in a further reduction of the already moderate stocks.

Trade comments on spinner buying of raw cotton during November indicate a fair demand for c. i. f. and spot cotton during the first part of the month, but somewhat slower spinners interest during the second half. It is further reported that sales of yarns and goods have made further slight improvement though at unsatisfactory margins. The new drawback system for yarn and goods makes export business easier, but of course world competition is more keen than formerly.

Italian net imports of raw cotton during the early part of the current season have been higher than last year, though below the previous three years.

Belgium

According to a report of the American Consulate at Ghent for the month of October and the first half of November, cotton trade conditions in the Ghent district in general were not good, but there seemed to be a feeling that the situation would improve. Buying of American cotton is said to have continued on a fairly large scale, taking the place of Indian or exotic cottons. Spinners are complaining of small margins, especially those working for export. With the exception of some exporters, weaving mills appear to be faring better than spinners. Those supplying the local demand are reported as doing well, and it is said that retailers, owing to depleted stocks, are being forced to place orders.

Poland

New reports from Poland indicate very unsatisfactory conditions in the cotton textile branch, and suggest the possibility of the dissolution of the the spinner cartel. It is said that the Government, however, intends to support the cartel by imposing a tariff on the raw cotton purchased by those outside the cartel. At the end of November the union of all Lodz industries

resolved to shut down all Lodz factories for a month from December 15 to January 15 because of the crisis on all markets.

A report of November 26 indicates that the export premiums on cotton goods have been abolished. Various wage disputes and partial strikes were reported from different districts.

The Polish Government has inaugurated a policy of strong subsidization of the port of Gdynia, which is now endeavoring to develop a regular cotton importing section with consignment stocks to be carried in sufficient volume to cover the needs of the Polish cotton industry. Up until now, Polish spinners have used the facilities of the port of Bremen in case of need for prompt cotton, but from now on it is planned to transfer much of the business to the new Polish cotton port of Gdynia. It is doubtful, however, whether credit facilities and trade experience will allow any great success, especially in the beginning.

The index of spinning activity in Poland during the first week in July was 104, first week in September 91, November 87, and in the third week in November it was 79, thus showing a steady decline during the past few months.

Russia

Production of the Russian cotton textile industry during October was slightly below the previous month, amounting to 198.2 million yards compared with 217.6 million in September and 219.4 millions during October 1930. The monthly plan was executed to only 82.8 per cent in the case of finished fabrics and to 88.5 per cent in the case of yarn. Labor and transportation difficulties of all kinds are reported to have been the chief causes of the non-execution of the program.

Figures on the production of the cotton textile industry during the first ten days of November show further lagging behind as compared with the plans, the execution for the ten days having been 22 per cent below the plan in the case of finished fabrics and 15 per cent in the case of yarn. For the month as a whole the production of the finished fabric amounted to 171.7 million yards or 70 per cent of the plan.

Japan

A late report from Consul Donovan at Kobe states that the price of American cotton in Japan continues to become cheaper relative to its important competitor, Indian cotton. At Kobe on December 22, 1931 Indian Oomra, Fine, was selling at the same price as American Strict Middling 7/8 inch staple, American cotton prices having risen 2 per cent from November 21 to December 22 while prices of Indian had increased by 20 per cent. During this period yarn spots increased 27 per cent and yarn futures 30 per cent which should make spinning operations more profitable. The price increases of both raw cotton and cotton yarn are said to have been due largely to the suspension of the gold standard by Japan. The exchange value of the yen declined about 17 per cent from November 21 to December 22.

During November there were 143,000 bales of American cotton imported into Japan or only 4.7 per cent less than in November 1930 while imports of Indian cotton during November totaled only 22,000 bales compared with 196,000 bales in November 1930 or a decrease of 88.8 per cent. While total shipments of American cotton to Japan from August 1 to December 21 - this season amounted to 867,000 bales or an increase of 94.8 per cent over the corresponding period in 1930, shipments of Indian cotton to Japan from September 1 to December 21, 1931 amounted to only 146,000 bales compared with 337,000 bales in the same period in the 1930-31 season, a decrease of 56.7 per cent. It is estimated by Japanese importers that American cotton afloat and destined for Japan now amounts to well over 400,000 bales and that total imports of American cotton for the 1931-32 season will be at least 50 per cent larger than last season which would mean about 1,650,000 bales. The continued favorable price parity of American with Indian and the recognition during the fall months of the possibility of a gold embargo were factors stimulating the heavy purchases of raw cotton.

Visible stocks of raw cotton in Japan at the end of November 1931 amounted to 165,000 bales compared with 126,000 bales one year earlier.

Weavers' demands for yarn was reported as poor during the latter part of December and most of the activity for both yarn and piece goods was due to speculative purchases. Yarn production during November 1931 amounted to 90.7 million pounds compared with 89.6 million pounds in October and was 8.3 million pounds or 10.1 per cent above November 1930. This increase took place in spite of an agreement made in October to curtail spinning production by an additional 5.8 per cent for the months of November and December. Production in November was the largest for any month since May 1930. The increased production in November was reported as being largely to meet the requirements of those making delivery on speculative purchases. Although yarn stocks increased somewhat during the month of November the increase was less than the increase in production. Exports of yarn decreased during November but were still larger than in 1930.

Piece goods exports during November continued the decline begun in September. Exports in November amounted to 95.3 million square yards, 17.3 million square yards or 15.4 per cent below October and 50.7 million square yards (34.7 per cent) below November 1930. These declines in exports reflect the increased competition of British goods and the Chinese boycott of Japanese goods. Piece goods exports up to the latter part of December had failed to show any noticeable benefit by the drop in the value of the Japanese currency.

China

Chinese cotton mills in China were operating at a good rate and consumption of American cotton is large due to the unusually high proportion of American being used, according to a cable from Agricultural Commissioner Dawson at Shanghai on December 14. The Japanese mills in China, however, were reported as having curtailed production about one-third due to the Chinese boycott of their products. These mills are not expected to close down although yarn stocks are quite heavy. They are moving part of their production to Manchuria, Shantung, and the South Sea Islands.

During November important business was reported as having taken place in English piece goods, but about the middle of December the market was dull and there was little inquiry for new business.

Production, Acreage and Crop Conditions

On the basis of information now on hand it looks as if production in the principal foreign producing countries for the 1931-32 season will be about 1 million bales less than in 1930-31. In the United States, however, the production is almost 3 million bales above 1930.

United States

The December estimate of the domestic production placed the 1931 crop at 16,918,000 bales of 478 lbs. net, or 500 lbs. gross. This is practically no change from the November forecast of 16,903,000 bales. As has been previously pointed out the estimated crop this year is the second largest ever produced in the United States. The record crop of 1926 was 1,059,000 bales, or 6.3 per cent, larger than the present crop. The new crop, however, is 21.5 per cent (2,986,000 bales) larger than the 1930 crop and is 1,850,000 bales, or 11.5 per cent, above the 5 year (1925-29) average.

The estimated acreage harvested (picked) was placed at 40,495,000 acres, which was 10.1 per cent less than in 1930, but the indicated yield of 200.1 pounds per acre is 52.4 lbs. per acre or 35.5 per cent greater than in 1930 and is the largest since 1914 when the yield was 209.2 lbs. per acre. The average yield for the ten years 1920-1929 was 154.4 lbs. per acre. The acreage abandoned this year was estimated at only 1.5 per cent whereas during the 1920-29 period 3.4 per cent of the area in cultivation on July 1 was not picked. This, year, however, conditions during the growing season were good, few fields were abandoned due to insufficient or excessive moisture and because of the scarcity of cash, the abundance of labor and the unusually favorable weather during the harvesting period, very little cotton was left in the fields.

On August 1, the very high condition of 74.9 per cent of normal was reported, weevil infestation was considerably below normal and the crop was forecast at 15,584,000 bales which was fully a million bales more than most private crop reporters were estimating at that time. During August conditions were generally favorable except in the Delta sections of Arkansas and Mississippi, abandonment was reported less than average and the forecast as of September 1 was 15,685,000 bales. September proved exceptionally favorable particularly in Arkansas and Mississippi. Hot, dry weather held weevil

damage in check and hastened maturity of the crop, consequently the forecast of October 1 was 16,284,000 bales. In October weather was also much more favorable than usual, high temperatures favored the opening of the balls, there were few injurious rains, and picking progressed with little interruption with field loss held to a minimum. The November 1 forecast was 16,903,000 bales. The month of November was about average in its effect upon cotton picking and, therefore, the December 1 forecast was not much different than the November forecast.

India

Although the amount of cotton planted in India up to December 1 was estimated by the Indian Government at only 2.9 per cent below plantings to the same date in 1930 the production on this acreage for 1931-32 is now forecast at 18.2 per cent or 753,000 bales below 1930-31, according to a recent cable from Calcutta. The crop which is expected from the acreage planted to December 1 is forecast at 3,428,000 bales of 478 lbs. compares with a revised estimate for 1930-31 of 4,191,000 bales, which is 214,000 bales larger than the previous (unrevised) estimate. This is the smallest forecast at this time of year since 1920-21 and on the basis of the acreage planted to December 1 indicates a very small yield. Receipts at Bombay show that the movement of the crop to market is much less than last season. From August 1 to December 17 receipts at Bombay were 47 per cent below the corresponding period in 1930, and for the four weeks ended December 17 were 64.6 per cent below the same period in 1930. The area planted in cotton up to December 1, was estimated at 22,358,000 acres compared with 23,014,000 acres planted to December 1, 1930, and 23,536,000 acres to the same date in 1929. This was the smallest amount planted to that date since the 1922-23 season.

Russia

The Russian October raw cotton procuring plan was executed to the extent of but 71 per cent, and in the first twenty days of November only 39.3 per cent of the plan was procured. Total procurings to November 15 amounted to 52.9 per cent of the yearly plan, as compared with government expectations that 72.5 per cent of the total plan would be procured by that date. November procurings amounted to only 47 per cent of the plan whereas last year November plans were 78 per cent executed. For the season to December 1, 58 per cent of the plan was procured compared with 62 per cent last year. The actual amount procured from the 1931-32 crop up to the first of December, however, was reported as being about 22 per cent above procuring during the same period last year. It is difficult to say whether this unsatisfactory progress of cotton procurings is due to an overestimation of the 1931 cotton crop, or whether other factors are responsible, but it seems quite possible that both causes are having an influence. The usual complaints of poor organization, lack of energy of the procuring organizations, etc., are stressed by the Soviet press, but it is also stated that considerable lots of cotton are being left unpicked because of the poor organization of work in the fields. Damage from late picking is also mentioned.

As a result of the unsatisfactory development of cotton procurings, shipment of cotton fiber from the gins to the industrial centers was below plans in October, amounting to 89 per cent of the plan compared with 104.6 per cent during the preceding month.

Latest reports from the Russian press indicate that this year's cotton acreage and yields are probably materially lower than previous statements from those sources have intimated. It is stated, for example, that yields are greatly reduced in many regions where work was not carried on energetically during the spring and summer, and, furthermore, that local party organizations reported higher figures for the acreage planted than was actually the case. The plan is now reported to have been non-executed in the Ferghana region by 20 per cent, although no such non-execution was reported by the local authorities.

These reports tend to confirm the estimate made by this Bureau last month which placed the 1931-32 crop at 2,000,000 bales or 29 per cent above the revised 1930-31 production of 1,550,000 bales, although reports from Russia and the International Institute of Agriculture at Rome stated that the crop was expected to be 70 to 80 per cent above 1930-31.

China

The Chinese Mill Owners' Association has recently estimated the 1931-32 Chinese cotton crop at 1,800,000 bales of 478 lbs., a decrease of about 657,000 bales or 26.7 per cent from their estimate of the 1930-31 crop, according to a cable from Agricultural Commissioner Dawson, at Shanghai on December 19. It is thought, however, that the 1930-31 estimate of the Chinese Mill Owners' Association includes a larger area than the estimate of previous years and that in order to make it comparable it should be reduced about 207,000 bales. Previous reports from Mr. Dawson stated that the 1931-32 crop was expected to be about 20 per cent below the 1930-31 production. This placed the estimate for 1931-32 at 1,800,000 bales on the basis of a 2,250,000 bale crop in 1930-31 which has been adopted by this Bureau. If the percentage decrease as estimated by the Chinese Mill Owners' Association were accepted and applied to the 2,250,000 bales used for last season's crop the present crop would be placed at about 1,650,000 bales. It is thought, however, that at least until further information is available that the figure 1,800,000 should be used.

Only a small proportion of the decrease in this year's Chinese crop represents cotton which competes directly with American. The cheapness of American cotton compared with Indian and Chinese and the increase in total cotton consumption explains most of the increased takings of American cotton. Mills in China are reported as showing little interest in native cotton.

Egypt

The second official estimate of the 1931-32 Egyptian crop was 3.2 per cent below the first, the estimate now being 1,286,000 bales of 478 pounds net which is a decrease of 22.6 per cent from the 1930-31 production, according to reports from the International Institute of Agriculture. The acreage was 19.2 per cent below last season indicating a slightly smaller yield per acre for the present crop in spite of the fact that the acreage this season has a much larger proportion of the higher yielding varieties, the acreage in Sakellaridis (the lowest yielding variety of any importance grown in Egypt) having been reduced 43 per cent and all other varieties only 3 per cent. Sakellaridis production is expected to be about 37 per cent less than last season and all other varieties 18 per cent less. The shortage of water in the early part of the growing season is said to have been detrimental to the crop and apparently the shortage was in those regions producing varieties other than Sakellaridis. In making comparisons it should be noted that yields were low last year also.

The report on ginnings shows a decrease of 16 per cent in the amount of all cotton ginned this season up to November 1, compared with last season, a 36 per cent reduction in Sakellaridis and a 12 per cent decrease in all other varieties.

Brazil

Since the last issue of World Cotton Prospects a report has been received giving an estimate of the Brazilian Government for ten States in northern Brazil, which places the production in this region about 30 per cent above 1930-31. On the basis of the expected production in these ten States which in the past few years have produced a little over 80 per cent of the total Brazilian crop, the total production is estimated at about 22 per cent above last season, or about 7 per cent above 1929-30. It will be remembered that drought conditions reduced the yield in 1930-31.

Mexico

Although the acreage in Mexico was reduced 16.4 per cent this season (from 390,000 to 326,000 acres) the estimated production is 18.5 per cent above the revised production figures for 1930-31. This is due of course to higher yields per acre which are a result of more favorable growing conditions this season than last, drought conditions having reduced yields considerably in some sections last season. The estimated production is 211,000 bales of 478 pounds net, compared with 178,000 bales in 1930-31 and 246,000 bales in 1929-30.

Anglo-Egyptian Sudan

In the Gezira province of the Sudan the 1931-32 acreage has been placed at 182,000 acres, which is practically the same as the revised estimate for 1930-31 and also about the same as in 1929-30. The 1931-32 acreage includes a considerable new area in the north section of the Gezira and it is this new area which accounts for the acreage being about equal to that of the past two years, according to a report from Cotton Specialist P. K. Norris at Cairo, Egypt. Except for this new area the acreage in the Gezira would be considerably less than the previous two years because of a change in the system of crop rotation. With a view to obtaining better control of the two diseases, "leaf-curl" and "black-arm" the planters are now required to let a third of their land in the regular crop rotation system lay fallow for two years instead of one as formerly.

Cotton: Acreage and production in countries reporting for 1931-32, with comparisons

Item and country	1928-29	1929-30	1930-31	1931-32 Prel.	Percentage 1931-32 is of 1930-31
ACREAGE	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
United States	45,341	45,793	45,091	40,495	89.8
India a/	24,992	23,536	23,014	22,358	97.1
Russia	2,288	2,550	3,870	5,824	150.5
China	4,847	5,133	5,228	5,078	97.1
Egypt	1,805	1,911	2,162	1,747	80.8
Chosen (Korea)	503	456	463	461	99.6
Uganda	699	673	740	867	117.2
Mexico	502	492	390	326	83.6
Gezira (Anglo-Egyptian Sudan)	136	181	182	182	100.0
Syria and Lebanon	19	60	60	76	126.7
Bulgaria	13	14	14	13	92.9
Italian Somaliland	20	27	19	10	52.6
Eritrea	6	6	7	7	100.0
Algeria	12	14	10	3	30.0
Italy	-	8	9	2	22.2
Total above countries	81,183	80,854	81,259	77,449	
PRODUCTION	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	Per cent
United States	14,478	14,828	13,932	16,918	121.5
India b/	5,018	3,910	4,191	3,428	81.8
Russia	1,250	1,310	1,550	c/ 2,000	129.0
China	2,466	2,116	2,250	1,800	80.0
Egypt	1,672	1,768	1,661	1,286	77.4
Brazil	525	562	493	d/ 600	121.7
Mexico	278	246	178	211	118.5
Uganda	171	100	156	210	134.6
Chosen	150	139	154	136	88.3
Tanganyika	28	23	19	12	63.2
Bulgaria	3	5	4	5	125.0
Italian Somaliland	7	8	3	4	133.3
Eritrea	1	1	2	2	100.0
Italy	-	3	4	1	25.0
Algeria	6	8	5	1	20.0
Total above countries	26,053	25,027	24,602	26,614	

Compiled by the Division of Statistical and Historical Research, partly from information received through the Foreign Agricultural Service. Official sources and International Institute of Agriculture unless otherwise stated.

a/ Third estimate which includes only area planted up to December 1.

b/ Estimate of production of all cotton planted up to December 1.

c/ Estimate of this Division.

d/ Based on official estimate of the Brazilian Government for Northern Brazil (10 States) which during the past few years have produced a little over 80 per cent of the total Brazilian crop.

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